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Meetings, Talks on Bosnia Continue in Geneva

Buha Rejects Contact Group Maps

LD0406164594 Belgrade TANJUG Domestic Service in Serbo-Croatian 1548 GMT 4 Jun 94

[Text] Geneva, 4 Jun (TANJUG)—The first round of the working consultations on the territorial division of Bosnia-Herzegovina between representatives of the three warring sides and the Contact Group has ended in the French Embassy in Geneva.

The maps, offered on the basis of drawings by a group of experts in Washington, are the maps for war, not for peace, Aleksa Buha, foreign minister for the Srpska republic, told journalists from TANJUG and Serb Sarajevo Radio-Television. The maps give 51 percent of Bosnian territory to the Muslims and Croats, and 49 percent to the Serbs, as proposed in the declaration adopted in Geneva on 13 May. But according to Buha, the talks should start with the percentage agreed upon within the Owen-Stoltenberg plan, which is 30 percent for the Muslims, 16.5 for the Croats, and 53.5 for the Serbs.

The maps currently on offer have turned the Srpska republic into separate unconnected areas, which suggests the Muslim concept of a unitary Bosnia-Herzegovina, which is absolutely unacceptable for the Serb side, Buha said.

Talking about the end of the first round of talks, Srpska republic president Radovan Karadzic said that during the exchange of opinions, it became obvious that the Contact Group favored the Muslim side.

The talks on the cessation of hostilities have not yet started in the Palais des Nations in Geneva. A Srpska republic delegation has arrived in the Palais and is waiting for the arrival of the Muslim and Croat delegations who have been invited to the meeting by UN Special Envoy Yasushi Akashi after the news that the Serbs had withdrawn from the 3-km zone around Gorazde.

Karadzic: U.S. 'Prolonging' War

AU0406174894 Belgrade Radio Beograd Network in Serbo-Croatian 1700 GMT 4 Jun 94

[Text] After everything that has happened, what are the chances of a peace agreement being signed in Geneva and conditions created for at least a partial lifting of the sanctions against Yugoslavia? This is the question that Milada Citovic put to [Bosnian Serb] president Karadzic.

[Begin recording] [Karadzic] The Muslims have so far done everything to sabotage every conference, and the United States has generally helped them in this. I am afraid that if any one of us Serbs thinks that this is a serious conference on peace and that the sanctions will really be lifted and that, in the international community, it is primarily the United States that is striving for peace, he is gravely mistaken. They can achieve peace whenever they want because the Muslims are entirely obedient to the ones who issue the orders, and it is a fact that the United States—that is, certain circles in the United States—has instigated this war and is prolonging it to the extent that suits it. To put it succinctly, we Serbs should not fool ourselves—this is a war for the West's goals; these goals have not been achieved by a long shot because we have kept them at bay with our defense in the former Bosnia-Herzegovina for a full two years. They have not succeeded in achieving anything that they planned to do in Serbia, and they are dissatisfied with the effect. That is why they will do everything to make the war last longer.

[Citovic] The Serbian side is unconditionally for peace and has agreed to negotiate a cessation of hostilities. However, the Contact Group for Bosnia also met today, and territorial demarcation was discussed. This is illogical. First, hostilities have to cease, and then this can be discussed.

[Karadzic] That is also our position. The most important thing is to stop the war, because it will be easier to negotiate in peace. On the other hand, it seems that the Contact Group is comprised of people who do not have enough authority and who do not have adequate maneuvering space. Therefore, negotiations with the Contact Group are somehow barren.

Simply, it is the Muslim map that is being passed around—that is, certain variants of it—and the entire Contact Group is presenting itself as the representative of the Muslims' interests. We do not have a direct connection or influence on the creation of these maps, our representative is not included in this Contact Group, and we do not have unbiased mediators to take into account the interests of all three sides. To put it succinctly, the Contact Group was designed to put pressure on the Serbs. It is not a group for achieving an agreement between the three sides. [end recording]

Krajisnik, Karadzic Comment on Maps

LD0506132094 Belgrade TANJUG Domestic Service in Serbo-Croatian 1043 GMT 5 Jun 94

[Text] Geneva, 5 Jun (TANJUG)—Commenting on the talks on the territorial division of Bosnia-Herzegovina held in Geneva under the auspices of the Contact Group, Momcilo Krajisnik, president of the parliament of the Srpska republic, said today that "those who drew the maps did not at all accept" the Serb side's suggestions. According to the maps, "western Bosnia, the Posavina area, and eastern Bosnia are all problematic," Krajisnik told Serb Sarajevo television and TANJUG journalists.

"They are trying to take away the largest part of the corridor—the towns of Derventa, Bosanski Brod, Odzak, Samac, and Orasje. There are also aspirations toward considerably enlarging the territories of the Muslim

enclaves in eastern Bosnia, almost the whole of the left bank of the river Drina and the right bank near Gorazde."

We explained why we cannot discuss those areas, Krajisnik said. We expressed concern, Krajisnik went on to say, because the division of 51 percent and 49 percent is being insisted upon, rather than the quality of the territory. We reminded them that the Srpska republic assembly in Pale had found it difficult to accept even the Owen-Stoltenberg plan, which allocated 53 percent of the territory to the Serbs, and the rest to what has now become the Muslim-Croat Federation.

Speaking about the stance of the Bosnian Serbs, Krajisnik said that it was a problem to go to the talks with pre-set percentages. He believes that each area should be discussed separately and viewed in the context of its distinct characteristics.

According to the Serb delegation, "the Muslims are not playing their own game, but an entire bloc is trying achieve its interests through the Muslim-Croat Federation, and it is trying—on behalf of the Federation—to adjust the territories of future states to its strategic needs."

"We know why they are insisting on eastern Bosnia. They need it as a springboard toward Serbia. As for the corridor, we will never agree on it being merely a road, a corridor. It has to be a populated area, an organic entity linking a Serb state"—Krajisnik said.

In reference to the constant delays in the negotiations to cease hostilities, Serb Republic President Karadzic told journalists that "consistent rumors are coming from well-informed sources in Europe that the Muslims are being constantly driven into a conflict first with the Serbs then with the Croats by the people who wish them harm, who hope for their total extermination."

Karadzic said that the "Muslim side has again demonstrated that it favors war and that it is not willing to accept a peaceful solution for a period of four to six months, thus helping in the efforts to extinguish the conflagration in Bosnia." "The Muslims are not undermining the conference at their own initiative. To their detriment, someone is advising them to choose wrong tactics"—Karadzic said.

"No one will go before the international community to justify their attempt to undermine the conference, and I therefore believe that in the end, someone, most likely some circles from America, will try to bring them eventually to the negotiating table," the Srpska republic president said in conclusion.

Serbs 'Willing' To Sign Cease-Fire

LD0506113394 Belgrade TANJUG in English 1102 GMT 5 Jun 94

[By Dragan Milosavljevic]

[Text] Geneva, June 5 (TANJUG)—An atmosphere of uncertainity prevails at Geneva's Palais de Nations where the fourth day in a row is passing in the expectation of the decision by the Moslem delegation to finally take part in the talks on a ceasefire in the two-year war in the ex-Yugoslav republic of Bosnia-Herzegovina.

At 10:00 a.m. local time, when the several-times delayed talks were scheduled to begin on Sunday, the Bosnian Serb Republic (RS) delegation arrived headed by President Radovan Karadzic and military comander General Ratko Mladic. Karadzic told TANJUG that the Serb side is willing to sign a ceasefire.

The spokesman of the special U.N. envoy for the former Yugoslavia Yasushi Akashi on Sunday morning announced at a press conference that Akashi would meet for consultations with Moslem-Croat Federation Vice-President Ejup Ganic. Shortly afterward Ganic told journalists that the Serb forces had allegedly failed to withdraw from the 3-km exclusion zone in Gorazde and that the conditions for the start of the talks have still not been fulfilled. He thus tried to deny reports to the contrary by U.N. monitors from this Moslem enclave in eastern Bosnia. Akashi's spokesman Michael Williams could not say what the chances are for the talks starting on Sunday.

At the U.N. Geneva headquarters there are many skeptics who doubt that the Bosnian Moslems are ready for serious peace talks. Some believe that the entire affair aims to undermine the authority of Japanese diplomat Akashi whom the Moslems persistently and unfoundedly accuse of siding with the Serbs.

Williams also said that, according to his information, the first round of talks, sponsored by the "Contact Group," on a comprehensive political solution and territorial division in Bosnia, has been completed at the French U.N. mission.

Sources in the Bosnian Serb delegation said that the Serbs are dissatisfied by the maps proposed by the "Contact Group" in Washington because they are a basis for a unitary Bosnia, as adovcated by Moslem leader Alija Izetbegovic.

Serbs Walk Out of Talks

LD0506115494 Belgrade TANJUG Domestic Service in Serbo-Croatian 1128 GMT 5 Jun 94

[Text] Geneva, 5 Jun (TANJUG)—The delegation of the Srpska Republic left the Palais des Nations in Geneva after several postponements of the talks on a cease-fire in Bosnia-Herzegovina. Srpska republic president Radovan Karadzic refused to say whether the delegation would return.

Earlier at a press conference Karadzic accused the Muslims of continually sabotaging the conference. "This is a great humiliation for the international community which bears the responsibility for these actions. Before the negotiations we were asked not to set any conditions,

and we stuck to that. On the other hand, we are witnessing constant blackmail by the Muslims. There will be no peace without a cease-fire," Karadzic said and left the Palais des Nations with his delegation.

Delegates Discuss Serb Withdrawal

LD0506150194 Zagreb Radio Croatia Network in Serbo-Croatian 1306 GMT 5 Jun 94

[Text] The Geneva talks on ending hostilities in Bosnia-Herzegovina have not yet begun because the Serb withdrawal from around Gorazde was not confirmed by 1400. Jozo Curic reports:

[Curic] There has been no change since the 1400 deadline, when the UN Protection Forces [UNPROFOR] were expected to confirm that the Serbs had withdrawn from two more points around Gorazde.

The Croat and Bosniak delegations, President Zubak, Minister Akmadzic, Prime Minister Silajdzic, and Vice President Ganic met in the Richmond Hotel in Geneva. New reports from Sarajevo say that nothing has changed on the ground. Negotiations on a four-month cease-fire in Bosnia-Herzegovina, initiated here in Geneva on 13 May by the foreign ministers of the great powers and the European Union, cannot begin.

Federation President Zubak and Vice President Ganic held talks this morning with Yasushi Akashi and Generals Rose and de Lapresle, who are unsuccessfully trying to get the talks started. The position of the joint Croat-Bosniak delegation in the talks was that UNPROFOR should present a report confirming there were no Serb forces in the 3-km zone around Gorazde. Vice President Ganic said that Butrus-Ghali's special envoy Yasushi Akashi had not presented a new UNPROFOR report from the Gorazde area to the Croat-Bosniak delegation by 1400.

Karadzic, Akashi, de Lapresle, and Rose held talks this morning, lasting for nearly an hour, but without any visible results. After the talks Radovan Karadzic said that the Muslims are sabotaging the talks on ending the hostilities. Intensive diplomatic efforts continue. UNPROFOR has confirmed the presence of Serb forces within 2,200 metres of the center of Gorazde.

Serbs: Muslims 'Torpedoed' Talks

LD0506175194 Belgrade TANJUG in English 1733 GMT 5 Jun 94

[Text] Geneva, June 5 (TANJUG)—The delegation of Bosnian Moslems on Sunday torpedoed for the fourth straight day the effort by U.N. special envoy to the former Yugoslavia Yasushi Akashi to make the warring sides in the civil-war-torn Bosnia-Herzegovina sign a cessation of all hostilities. Akashi's spokesman Michael Williams said this afternoon that the Moslem delegation, dissatisfied with the situation around Gorazde where they said armed Serbs still remained, was about to return to Zagreb.

The delegation's statement was understood among conference circles as a fresh blackmail rather than the definitive decision.

In the afternoon at the Palace of Nations, three news conferences were held at which Williams spoke about Moslems's fresh assertions about the presence of armed Serbs on a hill 200 metres within the 3-km zone from central Gorazde banned for armed soldiers. The final destiny of the talks is most likely to be known around 7 p.m. when Akashi would speak to reporters, Williams said.

There are many who believe that the undermining of the talks so far had been a scheme aimed at harming the good name of the Japanese diplomat.

In Sarajevo, UNPROFOR (U.N. Protection Force) Commander for the former Yugoslavia General Michael Rose said on Sunday that the evacuation of Serbs from the Gorazde zone had been completed and that this fact was well known to the local Moslem commander on the ground because he was combing the zone together with UNPROFOR.

The French AFP news agency learned from General Rose's aides that two or three Serbs were still on a strategically insignificant and hardly accessible hill a few metres within the banned zone. Sarajevo UNPROFOR spokesman Major Baker Halloway told the AFP that these three Serbs were not a threat to Gorazde, an eastern Bosnian enclave designated a safe area.

On Sunday morning, the delegation of the Bosnian Serb Republic, headed by President Radovan Karadzic and Army Commander General Ratko Mladic, arrived at the Palace of Nations on time. Karadzic reiterated to TANJUG's correspondent that the Serb side was prepared to sign peace.

In the afternoon, leaving the Palace of Nations, Karadzic said the Moslem delegation's behaviour meant the Moslems' dealing a blow to the international public. 'In Karadzic's words, well-informed circles in Europe assert that those who want Moslems exterminated were in fact pushing the Bosnian Moslems into conflicts now with Serbs and at other times with Croats.

Karadzic believed that the Moslems were not sabotaging the conference on their own initiative but that they, to their detriment, were persuaded to choose a wrong tactic.

Karadzic, Ganic Agree to 6 Jun Talks

LD0506220494 Belgrade TANJUG Domestic Service in Serbo-Croatian 2126 GMT 5 Jun 94

[Text] Geneva, 5 Jun (TANJUG)—We have unofficially learned from sources close to the delegation of the Srpska republic that late tonight, in talks between Yasushi Akashi, UN special envoy for the former Yugoslavia,

and representatives of the Serb and Muslim-Croat delegations, an agreement was eventually reached in principle to resume talks on a total cessation of hostilities in Bosnia.

These talks, as Radovan Karadzic and Ejup Ganic agreed, should start tomorrow at 1000 in the Palace of Nations in Geneva, the sources of the Serb republic say. The only precondition attached to this is a confirmation that "armed Serb elements" have withdrawn from the security zone, i.e. 3 km around Gorazde.

UN Secretary General Butrus-Ghali is expected to arrive in Geneva tonight. Akashi is believed to have invited the UN secretary general to help him in saving the conference and the reputation of the UN which is mediating in the peace talks. The Muslim delegation has for four days been finding reasons to delay the opening of the conference.

In all his contacts with the press Radovan Karadzic, head of the delegation of the Srpska republic, has been constantly saying: "We have come here to sign a peace and we do not set any conditions."

According to statements by Akashi's press officer, the conference has on several occasions been on the verge of being canceled.

Muslims Confirm Serbian Withdrawal

LD0606095294 Belgrade TANJUG Domestic Service in Serbo-Croatian 0908 GMT 6 Jun 94

[Text] Geneva, 6 Jun (TANJUG)—The talks on an absolute cease-fire in Bosnia, which have been postponed since last Thursday, should begin in the Palais des Nations in Geneva soon. Yasushi Akashi's spokesman Michael Williams has officially confirmed that "all Serb elements have left the 3-km exclusion zone around Gorazde, as required by the UN resolution."

A joint statement confirming this has been signed in Gorazde by representatives of UNPROFOR [UN Protection Force] and the Muslim side, Williams said. A meeting between Yasushi Akashi, the UN secretary general's special envoy, and the vice president of the Croat-Muslim Federation will be held in the Palais des Nations first. The talks between the warring sides should follow.

Akashi Notes Serb Withdrawal

LD0606105394 Belgrade TANJUG in English 0958 GMT 6 Jun 94

["Pool" item]

[Text] Geneva, June 6 (TANJUG)—U.N. envoy to former Yugoslavia Yasushi Akashi said on Monday morning that all conditions had been created for Bosnia's belligerents to sit down at the conference table after armed Bosnian Serbs had withdrawn from the last controversial ridge around the Muslim enclave of Gorazde in the east.

The latest reports from the U.N. Protection Force (UNPROFOR) Command in Gorazde said that Bosnian Serb troops have withdrawn from the exclusion zone around the town, said Akashi. He explained that available information seemed to indicate that the conference might begin on Monday morning.

U.N. Secretary-general Butrus Butrus-Ghali arrived in Geneva during the night, in an effort to use his authority to help surmount controversial issues and finally open the conference on a general cessation of hostilities in Bosnia.

On Sunday night, Akashi had separate meetings with the Bosnian Serb and Muslim delegations, and indicated a certain reconciliation of stands from which it appeared that the conference might be held after all, after four days of delay. He said, however, that the Muslim side was still making its attendance conditional on receiving a report from its observers confirming that "armed Serb elements" had withdrawn from the exclusion zone around Gorazde.

In his most recent statement, Akashi said that the three sides were coming to the talks with different positions, but were willing that the conference, called at Geneva's Palais des Nations, should finally begin.

Ganic Authorized To Resume Talks

AU0606110394 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1000 GMT 6 Jun 94

[Text] We have just received a report from the office of the president of the Presidency of Bosnia-Herzegovina that the last units of the aggressor's army withdrew from the 3-km exclusion zone around Gorazde late last night. [passage indistinct] On this basis, President Izetbegovic has issued a permit to [words indistinct] headed by Ejup Ganic that it may start negotiations [words indistinct].

Foreign Ministry: Greece 'Has Gone Too Far'

AU0506212194 Tirana TVSH Television Network in Albanian 1800 GMT 5 Jun 94

[Report on a statement by the spokesman for the Foreign Ministry; place and date not given—read by announcer]

[Text] Commenting on the statement by Theodhoros Pangalos, Greek minister for European affairs, who said that it was not Greece's veto but that of the European Community [EC] that blocked the assistance to Albania and that the EC has done this as a punishment for the violation of Greek minority rights in Albania, the Foreign Ministry spokesman has stated:

This is a completely insincere statement, and Mr. Pangalos knows this better than anyone else. By making such a statement, he is trying to hide the hand that has thrown the stone.

The truth is that the European Union [EU] assistance for Albania's balance of payments has been approved on all EU Commission and European Parliament levels and was blocked by the Greek representative at the meeting of EU economy ministers in Brussels on 16 May. The Greek representative put forth the veto and did not call for a consensus on whether this assistance should be granted to Albania as stipulated in earlier projections.

Other Greek representatives maintained the same stance in the last meeting of technical groups that discussed this question. The representatives of EU member countries have not only expressed their surprise but also their nonapproval of this Greek stance, as many of them have voiced this to the Albanian representatives.

Regarding the claim on the alleged violation of the Greek minority rights in Albania, we stress that the Albanian reality and the repeated reports by the CSCE high commissioner, the European Parliament, the Council of Europe, and the U.S. Congress clearly testify that this minority enjoys all the freedoms and rights set forth in the Copenhagen document.

With his last statement, Mr. Pangalos, seeking to share the responsibility of his government regarding the blocking of aid for Albania along with the other member countries, hopes to freeze Albania's relations with the EU and its member countries. However, this attempt has failed because Albanians know quite well that embargoes and blockades for the purpose of nationalistic ambitions are alien to civilized and democratic Western countries.

We would like to tell Greece that, with the blocking of EU assistance, it has gone too far and cannot boast of being neither an old neighbor nor an EC president. On this occasion Greece has used an economic punishment even for the Albanian citizens of Greek origin who, determined to set up a democratic society in Albania, are not only penalized but are also left dissatisfied from this act and feel that others are abusing and manipulating them.

The spokesman finally stressed that Albania is confident that the European Union will not agree to the blocking of reforms in Albania and that it will not allow the money of noble European taxpayers to be used for purposes of destabilized and nationalistic policies or to serve geopolitical disequilibrium.

Montenegrins Arrested for Smuggling Oil

LD0606082894 Zagreb Radio Croatia Network in Serbo-Croatian 0700 GMT 6 Jun 94

[Text] The Albanian authorities have arrested 25 citizens of the FRY charged with organized smuggling of oil across Skadar Lake. Those arrested belong to a group of Montenegrins from Zeta who were shipping oil to Montenegro. The Albanian authorities arrested them after supervision of cross-border traffic was stepped up in line with UN observers' demands. As of Friday Macedonia [The Former Yugoslav Republic of Macedonia—FYROM] had also stepped up customs control measures, especially concerning fuel.

'Concern' Over Development of Private Sector

AU0606101894 Tirana KOMBI in Albanian 31 May p 3

[S.L.-signed report]

[Text] The impossibility of the private sector becoming a strong enough economic basis to compensate for the destruction of the state-owned sector has by now become a concern. For Tirana, the population of which has reportedly reached 500,000, this problem has become rather pronounced. The figures made available to us by the Tariff Office of Tirana Municipality show that there are currently 2,322 Albanian companies employing 9,028 people, 586 foreign companies with 4,109 employees, and 1,007 joint ventures employing 4,100 people. In Tirana there are now 26,000 people employed in the private sector. There are also around 6,000 people trading a great variety of products from stalls that have sprung up on Tirana's pavements.

However, unemployment in Tirana amounts to around 60,000, not to mention the influx into the capital from other districts, which is estimated at 100,000 people. Yet, in this overpopulation with a high degree of social wounds, there is a lack of a regional development plan. This remains to be done perhaps in the future.

Havel on Council's Failure To Form Senate

LD0306204894 Prague CT 1 Television Network in Czech 1730 GMT 3 Jun 94

[Interview with President Vaclav Havel by an unidentified correspondent on 3 June; place not given—recorded]

[Text] [Havel] Analyzing the parliament's deliberations about the electoral law, analyzing it on the basis of all discussions preempting this issue, all discussions about this issue, I take the view that what is lacking here is the political will to form the senate and thus to comply with the Constitution.

I consider this to be a rather serious situation. In my view, either the existing Constitution, regardless of how much or how little we like it, is to be observed, with the constitutional system functioning normally, or—and this is the worse possibility—the Constitution has to be amended. In fact, the worst possibility is when the Constitution is valid but is not being complied with because this is an undemocratic state of affairs. I cannot imagine a democracy where, for instance, it would be impossible to dissolve a parliament—and this is the situation today because the senate does not exist.

If there is no will to have a senate, it is necessary to follow the second option, which is worse than complying with the Constitution but still better than the current state of affairs. In other words, it is necessary to amend the Constitution. However, if this is the case, it is not enough to simply delete the word "senate," as somebody has already suggested. It demands a full rethink of the respective three chapters of the Constitution and a rethink of all constitutional aspects, relations between individual constitutional officials, in order to form a functioning constitutional system. The senate had its essential role in this system, and it is not possible to simply omit it and think the system will function without it.

[Correspondent] In the context of what you have just said, I would like to mention today's proposal by the KDU-CSL [Christian Democratic Union-Czechoslovak People's Party], which calls for a parliamentary commission to initiate the amendment of the Constitution. The amendment would aim at abolishing the senate, some of whose powers would be transferred to the president of the Republic.

[Havel] I think this initiative is probably good and necessary because some action has to be taken. We cannot live forever in this untenable situation. The problem of how to divide the powers of the senate is another question. Probably some of them would have to be transferred to the head of state. This is possible, but it is a matter for the parliament to discuss.

[Correspondent] Is it possible to call the current situation a constitutional crisis, as some politicians have done?

[Havel] I would not say that we have found ourselves in a constitutional crisis. We have only found ourselves in a situation that would prevent us from solving a constitutional or political crisis if such a crisis arises.

[Correspondent] Do you think it is essential to solve this problem quickly?

[Havel] Yes, I do.

Havel: Pinochet 'Linked to Much Cruelty'

LD0506162994 Prague Radiozurnal Radio Network in Czech 1215 GMT 5 Jun 94

[Interview with President Vaclav Havel by Robert Tamchyna in Prague on 3 June; from the weekly "Conversations at Lany" program—recorded]

[Excerpts] [Tamchyna] Today I naturally have to open our interview with a question about a visit to the Czech Republic by Chilean General Augusto Pinochet. Our leading politicians have dissociated themselves from his visit. However, I have to admit that I perceive their repeated assurances that they have nothing to do with his visit as proof of their embarrassment and an attempt to shake off a certain share of responsibility.

[Havel] I do not think I am trying to shake off any share of responsibility. I am not the one who issues visas; I have not issued a visa for him. I have simply learned from newspapers that Mr. Pinochet is here.

He is not a man to my liking. He is simply the man who organized a putsch against a democratically elected government. On one hand, his name is linked to an economic miracle, but he is also linked to much cruelty and rages by secret police. This man is not to my liking. I have simply acknowledged that he has made a visit here, as on occasions a number of people I do not like will probably do. [passage omitted]

In this context I would like to say one more thing. I am an essentially nonideological or anti-ideological person. I do not think people should be assessed according to on which side of the barricade they are said to be standing. It has always made me angry to hear Communists saying that Stalin stood on the right side of the barricade, that he fought for a better world, and that he just made some small mistakes. It is the same when somebody says nowadays that Mr. Pinochet stood on the right side of the barricade and that he just made some small mistakes in the form of murdering and persecuting people. This is an ideological vision of the world that can, step by step, totally detach itself from the basic humanistic assessment of actions, from the basic respect for a state ruled by the law. [passage omitted]

Ruml Appoints Nechanicky Head of Inspectorate

AU0406164894 Prague MLADA FRONTA DNES in Czech 1 Jun 94 p 2

[Article by "(ina)": "Nechanicky in Charge of Interior Ministry's Inspectorate"]

[Text] Prague—[Interior] Minister Jan Ruml yesterday appointed Vladimir Nechanicky, a former prosecutor with the CSFR Prosecutor General's Office, the new director of the Interior Ministry Inspectorate, which investigates misdemeanors committed by police officers.

Nechanicky, who represented Otakar Kracik, one of the accused in the rum affair, is the fourth head of the Inspectorate in the almost two years that Ruml has managed the department. The Ministry's spokesman, Jan Subrt, justified the personnel changes by saying that the Inspectorate is returning to Ruml's management and will no longer be the responsibility of his deputy, Jiri Krizan. Krizan, however, will continue to manage the supervisory team that looks into the misdemeanors committed by the department's civilian personnel.

New Military Defense Intelligence Chief Named

AU0406165194 Prague DENNI TELEGRAF in Czech 2 Jun 94 p 2

[CTK report: "Counterintelligence Has a New Director"]

[Text] Prague—Defense Minister Antonin Baudys yesterday appointed Jiri Ruzek (1952) to the post of director of the Military Defense Intelligence Main Office. Until now, he had been deputy director of the Interior Ministry's Office for Foreign Relations and Information, which replaced our intelligence service abroad. However, according to Interior Ministry representatives, it does not conduct traditional espionage, and its staff apparently is working officially at our embassies.

Final 1993 Foreign Trade Results Examined

94CH0277C Prague HOSPODARSKE NOVINY in Czech 12 May 94 p 9

[Article by Miroslava Ciznerova for the Czech Statistical Office: "Better Use for Our Products—1993 Results Seen in the Light of the Newly Introduced Selective Index of Import and Export Prices—The Index Includes 1,795 Items"]

[Text] The first results of Czech foreign trade last year showed a decline in average prices (values) of imported types of goods and, on the other hand, showed growing prices of exports involving domestic production. These findings regarding the development of average prices are based on data contained in customs statistics and capture not only price developments, but also changes in the quality structure of the assortment of goods involved.

The Czech Statistical Office, therefore, introduced a selective price index for foreign trade, on the basis of standard selection methods of price statistics, in which the influences of these changes are excluded to the maximum possible extent.

Simpler Conditions

The price indexes for imports and exports make it possible to monitor pure price movements, the development of exchange relationships, and the impact of price developments upon the development of imports, exports, and the balance of trade. Price indexes of this type are available only in some countries and the Czech Statistical Office is thus similar to indexes that were worked out during the 1970's and 1980's, but under totally different—essentially simpler—conditions resulting from the monopolization of foreign trade.

The schematic of the selective index for import and export prices was designed during 1993 in accordance with the standardized system (of the customs duty rate table). In so doing, use was made of exhaustive data provided by customs statistics and a one-time unique selective investigation, which was carried out involving enterprises, joint-stock corporations, and corporations with limited liability which were of importance to Czech Republic foreign trade. Some 998 export items and 797 import items, including products, raw materials, and materials which occupy a significant share in the overall volume of foreign trade and regarding which it is anticipated that they will be long-term objects of foreign trade activities, were included in the index. The selection is expected to undergo minimum changes in order to be able to show actual price developments in foreign trade.

Quarterly Determinations

Prices are determined on a quarterly basis and reflect commercial parities and prices quoted as "all charges prepaid to border" of the Czech Republic for imports and prices quoted as "all charges prepaid to border" for Czech Republic exports. They are recomputed in terms of appropriate monetary exchange rates and do not contain value-added tax, nor consumer tax. But the price indexes do include the influence of changes in foreign exchange rates and the influence of changes in the composition of foreign markets.

1992 = 100

	Selective Index for 1993	Index of Average Values for 1993
Total imports	99.7	98.8
Total exports	104.0	102.3
Real exchange relations	104.3	103.5

Those who did the indexes are aware of the fact that a selective index monitors net price movements only based on a limited representative quantity of selective products, whereas the index of average values captures

the broader region of commercial commodities; however, the index fully meets the monitored goals. As can be seen from the data in the table, there are no significant differences between the index results for 1993.

Results of the Investigation

From the indexes acquired, it is clear that price developments in 1993 were moving toward lower prices for imports; compared with 1992, prices declined by 0.3 percent; and there were mainly opposite trends in terms of exports, where prices rose by 4 percent, which is proof of the better assertion of Czech exports in foreign markets.

The investigation showed that, in 1993 imports, prices of mineral fuels specifically declined by 10.3 percent. This was mostly accounted for by oil, which is one of the most important raw materials in this group. The surplus in the amount of oil offered on world markets signaled a decline in petroleum prices last year. Also, prices of animal and plant oils declined by 11.5 percent; the price decline in chemicals was more modest at 4.4 percent; foodstuffs and live animal prices declined by 3.3 percent. On the other hand, the prices of various industrial products rose by 8.7 percent; those of raw materials, with the exception of fuels, rose by 4.7 percent, and prices of machinery and transportation devices rose by 3.5 percent.

On the other hand, in exports, the prices of various industrial products rose by 16.1 percent, those of foodstuffs by 10.9 percent, and those of machinery and transportation devices by 8 percent. But even here there was a decline—raw materials prices declined by 12.3 percent, prices of chemical industry products declined by 7.2 percent, and prices of mineral fuels declined by 4.8 percent.

In terms of current prices, the balance of trade ended up with a surplus of approximately 5 billion korunas [Kc]. Given an unchanged price level, in other words, in comparable prices for 1992, last year's foreign trade activities ended up on the down side with a deficit of approximately Kc9 billion. The interyear development of price relationships thus resulted in 1993 revenues of virtually Kc15 billion.

ΩKlaus Seeking Worldwide Export Increases

94P20849A

[Editorial Report] A recent visit by Prime Minister Vaclav Klaus to major Latin American countries emphasized the continued efforts by the Czech Government to expand the republic's exports. Economics Minister Karel Dyba also promoted trade links during his late April visit to Taiwan.

Latin America Trip

According to the 27 April issue of HOSPODARSKE NOVINY, Klaus's visit, which included a large delegation of businessmen, confirmed the growing Czech interest in Latin America. As Klaus explained, "In this market we are achieving the highest sales in value-added products; three times more machinery and machine tools are going to South America than to industrially developed countries."

Milos Sklenka, a HOSPODARSKE NOVINY correspondent who accompanied the delegation, said that Klaus's tour of Latin America, as well as his visit to Mexico last year, demonstrated that the rapidly developing markets on the Latin subcontinent could be very advantageous to the Czech Republic. Sklenka noted that during Klaus's stay in Buenos Aires, Santiago de Chile, and Brasilia, he proposed removing tariff and nontariff restrictions and increasing mutual trade, eventually leading to the establishment of a free trade zone.

Sklenka also reported on the Latin American hosts' reaction to the visit, pointing out that there was substantial interest in the Czech model of privatization and macroeconomic policy. Argentina appeared to be particularly enthusiastic about the proposal, asserting that it could be implemented within three years. Chile's response was relatively reserved, although Chilean leaders did not reject the proposals altogether. Brazil, meanwhile, appeared to be pressing for more regional trade liberalization.

According to Sklenka's report, Klaus's talks with the Argentine President Carlos Menem and Economic Minister D. Cavallo concluded with a memorandum of understanding between the two countries on preparing an agreement for a future free trade zone. The participants in the meeting expressed hope that it will eventually lead to free trade between Central European markets and the South American Mercosure (Argentina, Brazil, Uruguay, and Paraguay). New agreements are to be concluded on investment support and guarantees, dual taxation, and visa-less diplomatic travel. In the 22 April issue of HOSPODARSKE NOVINY, Sklenka published an interview with Cavallo, who said that "while Argentina should become a gateway for Czech products to South America, we would like the Czech Republic to become a catalyst for the expansion of Argentine trade in Central and Eastern Europe."

In Chile, Sklenka reported, Klaus led the negotiations with President Eduardo Frei and Finance Minister Eduardo Aninate on greater trade liberalization between the two countries. During the last year, Czech exports to Chile ($5.6 million), which were three times higher than imports, consisted mainly of iron and steel, tractors, trucks, and textiles. Meanwhile, Chile exported to the Czech Republic mainly fruit and vegetables, but also some cotton, raw materials, and cattle feed. This trade had come to a virtual halt during the Pinochet government from 1973 to 1990.

Taiwan Trip

Karel Dyba was accompanied to Taiwan by the president of the Industrial and Transportation Chamber, Stepan Popovich, and several industrial representatives.

According to the 25 April issue of HOSPODARSKE NOVINY, Czech "industry captains" spent five days negotiating trade relations with the Taiwanese semigovernmental organization CENTRA, which provides assistance to Taiwanese foreign trade. It is expected that a text of an agreement with the Taiwanese CNFT (Chinese National Federation of Industry) would be approved. The agreement is to cover information exchange, support of business exchanges, mutual trade stimulation, and production cooperation. The Chamber vice president, Pavel Prior, stressed to the Chinese the advantages of investing in the Czech Republic and expressed hope that the Taiwanese would help them penetrate the Asian markets.

In the same issue of HOSPODARSKE NOVINY, Pavel Prior noted that competition in Asia is very keen. The Czechs recently lost a bid to build a metro for the Japanese, and apparently the Taiwanese expect better banking terms than the CSOB [Czech National Bank] seemed to be willing to offer.

Continued Cuts in Budget Subsidies Discussed

94CH0277A Prague LIDOVE NOVINY in Czech 4 May 94 p 7

[Interview with Deputy Economics Minister Stanislav Zalud by Marek Stonis; place and date not given: "Regional Policy Can Be Implemented Even Without Subsidies"]

[Text] *It has become increasingly clear recently that some regions of the Czech Republic have greater economic problems than others. This is the result of many factors—their geographic position, a predominance of inefficient industry, etc. We discussed the method by which the Ministry of Economics is dealing with this fact with Stanislav Zalud, deputy economics minister (ODS [Civic Democratic Party]).*

[Stonis] At the Ministry of Economics, you are responsible for the so-called development of regional activities in the Czech Republic. How can those activities be fulfilled without resulting in significant drawdowns of resources from the state budget?

[Zalud] The best way to realize regional policy is to support individual regional projects. It is not a matter of thinking up something in Prague—the regions themselves must decide regarding the speed and quality of realization of individual activities. A whole series of support systems exist—support for activities, for ideas, for programs or connecting various related matters. I frequently hear the question asked how we can implement regional policy when we have no means at our disposal for it in the budget. One can also achieve regional policy by proving capable of implementing it even on the basis of other resources. I do not require any of my own resources to initiate what I am trying to do. The value of the individual projects that are beginning to be realized in the individual regions lies in the fact that they are related. In that case, the expending of resources is efficient.

[Stonis] Can you be specific?

[Zalud] First of all, our ministry has established the Czech-Moravian Development and Guarantee Bank, which does not provide funds directly to entrepreneurs, but provides guarantees for individual projects. Furthermore, we are offering a broad pallet of programs supported by domestic or foreign resources. Of course, the efforts are joined by finances resulting from such programs as PHARE [Economic Reconstruction Aid for Poland and Hungary], Overtura, Ecos, and HGP [expansion unknown]. I consider it to be a success that the PHARE program has changed and will no longer mean only technical assistance, as has been the case thus far. Finally, for the first time, it is joining in with massive utilization of its resources for individual investments. We had lacked that thus far. The regions will be helped the most if an adequate technical infrastructure exists there—communications, energy network, etc. If this infrastructure will function, then entrepreneurs will also become active in the regions. Of course, a potential entrepreneur frequently comes to find out that if he wants to start a business and employ people he must, for example, first build a wastewater purification capacity and this results in financial ruin for him even before he opens his business. For us, for the time being, this frequently represents an insurmountable handicap.

[Stonis] Some political parties have recently drawn attention to the fact that the Czech Republic is beginning to break down into a rich Bohemia and a poor Moravia. Are they correct?

[Zalud] It is true everywhere in the world that the opportunities at the disposal of individual regions are not equal. This is given by the geographic situation, by the physical conditions, by the climate, etc. In this context, these are not new theses in any way. One of the tasks of regional policy is to balance these great differences. But not by expending great resources in individual regions which might disappear there like in a black hole. We are attempting to balance the chances at the disposal of regions, but not by the across-the-board use of subsidies.

[Stonis] Are there then actually some regions in Moravia which are actually poorer than regions in Bohemia?

[Zalud] I believe that it continues to be a matter of some kind of unresolved injustice, which is not always objective. I believe that Moravia has the means of being economically as successful as Bohemia. I anticipate, moreover, that it could show more self-awareness and develop greater activity. I frequently remind investors that, from the business standpoint, there are other towns than the city of Prague which are attractive. For example, Ostrava: I do not believe that it is only black,

but that it is attractive from the business standpoint in many respects and has many opportunities, even when it comes to tourism.

[Stonis] Of course, some regions—for example, in the okreses of Znojmo, Bruntal, or Novy Jicin—unemployment continues to be relatively high. Do you believe that these regions have the same opportunity to be economically successful?

[Zalud] These regions are the subjects of extraordinary attention. Because they suffer from long-term and persistently higher unemployment than exists elsewhere, the state has invested certain resources in these areas. Now, it is only a matter of these resources being correctly utilized. It is important for okres offices, in collaboration with labor offices, to select those most advantageous steps. One can polemicize as to whether they have adequate resources for this or not. But these are resources which the state was able to release on an immediate basis.

[Stonis] Nevertheless, is this regional unemployment dramatic or not from your standpoint?

[Zalud] It is not. Together with the Ministry of Labor and Social Affairs, we have worked out some common material in which we have dealt in detail with unemployment in these regions. Last week, we had a basic meeting on redistribution of additional resources and unemployment in these regions has, in the meantime, quietly and imperceptibly declined. I want to say that the numbers are highly mobile and in no way dramatic. Just the mere input of a certain amount of resources, which would, in a certain way, solve transportation access to some locations, is contributing to an immediate improvement in the situation.

[Stonis] Your name is coming up in conjunction with the privatization of the former military area of Mlada-Ralsko. The press continues to carry occasional polemics as to whether the decision on utilizing this territory is correct. Do you believe that the dispute regarding this military area has definitively come to an end?

[Zalud] Privatization has definitively been decided on by government resolution. It is true that there is always someone in the press who is trying to create the impression that there is yet another method by which privatization could be accomplished. Perhaps he simply forgot the fact that the decision has already been made. But these are matters with which we are familiar. This happens with all large investment decisions—for example, regarding the building of a highway. They are long the subject of polemics and then a decision is made, the highway is traveled for six years and arguments continue to be heard regarding the fact that it could have taken another route. Regarding the military area of Ralsko-Mlada, this looks to me like the same problem.

[Stonis] What specifically will happen in this area in the immediate future?

[Zalud] In view of the fact that preparation of the actual privatization process, in harmony with the given procedures, requires a certain amount of time, the government approved the proposal made by our minister on 17 November 1993, with the exception of approving Resolution No. 404/1993, calling for the transfer of property to the city of Benatky nad Jizerou, Straz pod Ralskem, Vsejany, and Mukarov. A similar proposal, whose scope is essential to assure the continuing functioning of the community, has been worked out for the community of Ralsko. The actual procedure for transferring property within the areas of Ralsko and Mlada is realized on the basis of a schedule of tasks approved by the government on 22 December of last year. Preparation for actual privatization is being handled by the Privum budgetary organization, established by the Ministry of Economics. The initial proposals for part of the property in the area of Mlada have already been worked out and turned over for public announcement. Part of the privatization project in the above-listed areas also involves property operated by the Prague Military Forests and Farms, state enterprise, the predominant portion of which was already published on 8 April.

An essential condition regarding the territory of former military areas is the working out of the appropriate territorial planning documentation. The territory of Dobra Voda was handled within the framework of the territorial region of the Sumava. The territorial plans for Ralsko and Mlada have been worked out and have been discussed—currently preparations for their approval are under way.

Paris Stability Conference Seen as Success

AU0406180694 Bratislava NARODNA OBRODA in Slovak 30 May 94 p 5

[Commentary by Ivan Horsky: "Signing of Stability Pact Within a Year"]

[Text] The timing of the Conference on Stability in Europe, which took place in Paris late last week, was by no means accidental. On 1 July, Germany will become the presiding country of the European Union, and, immediately thereafter, as of the new year, this role will be taken over by France. Paris supposes that, by the end of this year, French diplomacy will succeed, with Bonn's assistance, in pushing matters forward so that the Stability Pact can be signed. Prime Minister Edouard Balladur, the author of the original idea, must score this success for a quite prosaic reason: He wants to become successor to President Francois Mitterrand and expects such an international triumph to greatly strengthen his chances.

For this reason, French diplomacy did everything it could to ensure the conference's success. This becomes most evident when we take a look at the changes that the original Balladur plan has undergone; it really has changed beyond recognition.

What Slovakia as well as other countries considered to be of the greatest importance was the acceptance of one of the major CSCE principles—the inviolability of the existing borders. One could even argue that, if this did not happen, the whole initiative would probably have gone down in the textbooks of diplomacy as one of the examples of abortive activities.

It needs to be said—without schadenfreude but, still, with satisfaction—that the results of the Paris conference signify the end of the hopes of certain circles in Hungary, and also abroad, that had hoped for possible revision of the borders with Hungary's neighbors and, thereby, for a precedent to be set. This disappointment was to be felt also in Paris in the speech of [Hungarian Foreign Minister] Geza Jeszenszky, for whom participation in the conference apparently was his swan song as the chief of Hungarian diplomacy. Still, even when we use moderate and diplomatic terms, his words startled and struck the audience by their confrontational tone, which also met with the appropriate response. In the end, the overwhelming majority qualified this as a last attempt to save political face in the face of one's own fiasco.

The focus of work in the forthcoming period will be on preparatory negotiations to determine the exact dates of two regional roundtables. The first will pertain to the Central European region and will involve Slovakia and Hungary. The other will involve the Baltic countries. Five areas of problems are to be discussed, but the agenda could be expanded if new issues emerge.

In this context, it needs to be stressed again that representatives of ethnic minorities will not be able to directly participate in these roundtables. This applies, in particular, to the Hungarian minority, whose representatives have demanded this possibility most vehemently, with Budapest's support. However, as Prime Minister Jozef Moravcik stressed some time ago and as has been confirmed by [Foreign Minister] Eduard Kukan, the Slovak Government is not only ready but also determined to not only brief the minority's representatives before and after the talks but also to consult them on problems concerning the minorities. The principle was adopted in Paris that relations between states are involved, in which only subjects of international law can participate.

One cannot but express the hope that the work on bilateral documents that will be a part of the pact, as well as the roundtables, will be marked by a constructive spirit, even if polemics cannot be ruled out in advance. However, Bonn and Paris will quite certainly try to prove their active attitude toward the problems of Central and Eastern Europe. Therefore, we can expect a very rapid solution to any disputed problems so that the final document can be signed no later than in one year's time. Let us only hope that the signing will not be accompanied by problems such as occurred while taking the so-called family portrait, when the quite undiplomatic hustle on the wooden platform almost caused diplomatic and human tragedy. However, this was probably the French organizers' only serious mistake.

Moravcik Supports Cooperation With Czechs

94CH0264D Prague ZEMEDELSKE NOVINY in Czech 2 May 94 pp 1, 12

[Interview with Slovak Prime Minister Jozef Moravcik by Ivan Rejecky; place and date not given: "We Need Cooperation With the Czech Republic!"]

[Text] *No sooner was Jozef Moravcik named prime minister of the Slovak Republic [SR] than the newly established opposition began to come out with all kinds of rumors about his party past. However, the former dean of the Komensky University Law School and later minister of foreign affairs in Meciar's government is a level-headed person and untruths, as is evident, do not upset him.*

[Rajecky] Mr. Prime Minister, although only a few weeks have gone by since you assumed your position as prime minister, can you tell us how you would evaluate the activity of the present government thus far, and what are, in your opinion, its greatest difficulties?

[Moravcik] Little more than one month is really a very short time to evaluate successes and failures. However, we created such conditions that will enable us to be successful and realize our announced governmental program. As an example, I could mention our successful negotiations with the IMF. A very favorable international climate has been created which the Slovak government could utilize for Slovakia's benefit. We are pleased

that it is clear from the reaction of many citizens that at last a calm atmosphere reigns in our country. And what things did not work out? First of all, so far we have not succeeded in coming to an agreement on the funding of social programs. We are now looking for ways to make a correction in the budget, so that we do not keep increasing the deficit, but at the same time can free up a sufficient amount of money that would enable us to save primarily health care and education from collapse.

[Rajecky] The opposition accuses you, among other things, that by giving too many concessions to the Czech partner you are ruining everything that the previous government fought for and gained for Slovakia. According to some, it is even quite possible that you are endeavoring to restore the federation....

[Moravcik] That is a very fallacious view on the part of the opposition. As far as relations with the Czech Republic are concerned, we have ideas on many issues about possible compromises that could give the impression that we are too accommodating. But matters must be judged from the viewpoint of their long-term impact and final results. Therefore, in this respect I consider the course of action the present government has taken prudent, consistently ensuring the realization of our goals. And as to the notion that we are endeavoring to establish a new federation—I believe that neither side takes the renewal of the federation into consideration. The creation of some kind of union would not bring the desired results either. But I would like to emphasize that I consider that idea an historically wasted opportunity. When the state was being split up, we could have, in my opinion, created a union and the disintegration of the federation did not have to happen.

[Rajecky] At present there is quite a lot of talk about the unresolved questions of the borders, division of former federal property, gold, and, most recently, certificates. Don't you think that some decisions of the Slovak Government, for example, precisely about certificates, could have an adverse effect on mutual relations?

[Moravcik] All the difficulties you mentioned have their specific, individual character. We could divide them into two groups—problems which remain from the time of the federation, and those which concern our future relations. I do not think that it is necessary to give a lot of attention to the first group. The second group is of more importance to us, especially as far as the certificates and the customs union are concerned, where, by the way, very close connections exist, because that cooperation also has its political aspects, even though the economic ones are dominant. What is important is that both sides have a political interest in maintaining mutual cooperation and mutual linkages minimally at the present level. But I do not rule out the possibility that we could have a situation where one side comes to the conclusion that cooperation in its present form is not to its advantage. Then we would have to look for other solutions. But I would not consider it a tragedy in any case, and for less a possibility that it would lead to a worsening of our mutual relations.

[Rajecky] There is a lot of work to do, and you do not have much time in which to realize your goals. Nevertheless—are you not planning a meeting with your Czech counterpart, Vaclav Klaus, in the near future?

[Moravcik] It is incumbent on politicians to meet with their foreign partners whenever it is useful. But I have to say that a meeting with Prime Minister Klaus is not being planned for the immediate future.

[Rajecky] You are said to be a reasonable, thoughtful, and hard-working person. Are you not upset, therefore, by some of the accusations leveled at you, for example, that while prime minister you became chairman of a new political party, which broke the coalition agreements, as the chairman of the Party of Democratic Left [SDL], Peter Weiss, asserted?

[Moravcik] If criticism is based on truthful arguments, it cannot upset me. But I admit that not even unsubstantiated criticism upsets me, although in Slovakia there is more of it than of the justified kind. It demonstrates the fact that political culture here is not always of the optimal level. As far as my chairmanship of the Slovak Democratic Union [DEUS] is concerned, Petr Weiss and I have already cleared the entire matter up between us. He appreciated the fact that it says in our bylaws that if the chairman of DEUS is named to a government position his function is perfomed by a statutory deputy.

[Rajecky] The opposition also criticizes you for the fact that although the main task of your government was to lead the country to early parliamentary elections, your plans extend well beyond the pre-election period. Do you expect, then, that your government will be here even after the fall elections?

[Moravcik] The measures that are adopted always must be of a long-term character. After all, not even laws are passed for just six months, but for four years, even decades. From this viewpoint, it would be very wrong if we were to concentrate only on the period before the early elections. And as to the duration of our mandate? That, after all, will not be decided by the opposition. We have a constitutional mandate and responsibility for executive power. We are not responsible to the opposition but to all the citizens of Slovakia.

[Rajecky] Let's go back to the international issues. There has been a lot of talk lately about the possibility that you will meet with the Hungarian prime minister, but you are said to have laid down conditions that are unacceptable to the Hungarians. At the same time, the solution of the "Hungarian" issue is vitally important for SR....

[Moravcik] ...both sides insist that they are ready to talk, but so far a meeting has not taken place. But the truth is that only an unofficial meeting is under consideration, because official contacts should always produce some concrete result, some concrete document. I admit—such

is not ready. But in any case, even an unofficial meeting has its value, because at the very least it provides opportunity for an exchange views and mutual consultations. At this time we are interested in an informal meeting with the Hungarian side.

[Rajecky] Isn't it something of a speculation on your part, that since there will be elections in Hungary before long, you would rather wait to negotiate with the new government?

[Moravcik] No, there is no speculation on our part. When it comes to the solving of serious problems, the question of elections really stays in the background. Hungary and Slovakia have formulated the basic features of their foreign policy concepts, and those do not change.

[Rajecky] In conclusion a question concerning your deputy prime minister and party colleague, Roman Kovac. The opposition, specifically the HZDS deputies' club in the SR National Council, demands his removal. What do you think about the reasons they give?

[Moravcik] They do not have concrete arguments, they use only general accusations. As I know the authors of these slanders, they are capable of making up most anything."

Poll Reflects Opinions on Meciar

94CH0164B Prague HOSPODARSKE NOVINY in Czech 26 Apr 94 p 4

[Unattributed article: "Educated Respondents Approve Meciar's Downfall"]

[Text] Bratislava—More than two-fifths of Slovak citizens (44 percent) accepted the removal of V. Meciar from the position of prime minister. Almost the same number of citizens (39 percent) disagreed with Meciar's having to step down. That is indicated by the results of the opinion poll conducted by the Statistical Office of the Slovak Republic made public yesterday. According to the statisticians, almost one-fifth of those asked (17 percent) did not follow the events taking place in the parliament.

The results of the poll show that the more educated the respondent, the more often he or she approved the recall of the prime minister. The change was very well received by citizens of Hungarian nationality, entrepreneurs, employees and adherents of the newly formed parties of "dissidents" from Meciar's camp. The vote of no confidence given to Meciar was welcomed by 70 percent of those queried who came from the ranks of supporters of the Christian Democrats and the left. Disapproval understandably was predominant among adherents of the Movement for Democratic Slovakia, somewhat less so among supporters of the Slovak National Party.

Deputies on Rejection of Road Sign Bill

LD0306183194 Bratislava Rozhlasova Stanica Slovensko Network in Slovak 1500 GMT 3 Jun 94

[Text] As we have already reported in our previous bulletins, the National Council of the Slovak Republic today rejected the so-called road sign bill initiated by the government. According to Deputy Speaker Peter Weiss, it was shown that extremists on both sides were incapable of reaching a compromise agreement. He went on to remark that the bill had taken into account all of the most important amendments, including those made by the opposition.

Tibor Cabaj, deputy for the Movement for a Democratic Slovakia, said that sound reason had prevailed. According to him, the bill had not been well prepared, and, when amendments that had been submitted to improve it had failed to be incorporated, the way the opposition would vote had been quite clear. On the other hand, Vladimir Miskovsky, deputy for the National Democratic Party, was of the opinion that the amendments submitted had improved the bill to such an extent that it ought to have accommodated all tolerant people, both the Hungarian minority and the Slovaks living in the south of the country. Jan Carnogursky, chairman of the Christian Democratic Movement, saw the reason for the rejection of the bill in the fact that towns named after important Slovak figures had been excluded from the requirement to display bilingual signs. Pal Csaky, deputy for the Hungarian Christian Democratic Movement-Coexistence, commented on the rejection of the bill by saying that the matter was serious and that the party would draw conclusions from the breaking of the coalition agreement. Arpad Duka Zolyomi, representing the same party, had envisaged that the coalition partners would ensure the implementation of the agreement reached in the coalition council. He said that it would obviously be necessary to hold discussions about further cooperation.

Slovak National Party To Stand Alone for Vote

LD0406200894 Bratislava Rozhlasova Stanica Slovensko Network in Slovak 1930 GMT 4 Jun 94

[Excerpt] In the coming parliamentary elections, the Slovak National Party [SNS] will run on its own. This decision was made today by the delegates to the party's 6th Assembly, held in Komarno. Of the 311 delegates present, 256 voted in favor of this proposal, 32 voted against it, and 23 abstained. [passage omitted]

Coalition Heads on Pacts With Hungarian Parties

AU0406180294 Bratislava SME in Slovak 31 May 94 pp 1, 4

[Article by "bog, mh, rk": "Vojtech Bugar: Agreements Are Being Successively Fulfilled"]

[Excerpt] Bratislava—According to a CTK report, Miklos Duray, chairman of the Coexistence Movement,

said in Lucenec on 28 May that Moravcik's government was not keeping the promises it had given the Hungarian political parties when it came into being. According to Coexistence representatives, the present government should sign the European charters on local self-administration and regional languages by September. According to Duray, if the government fails to sign the two documents, Coexistence will consider whether it wants to continue supporting the government. We have asked representatives of the coalition parties whether the agreement between the coalition and the Hungarian parties is being fulfilled and whether the commitment to sign the two aforementioned European charters forms part of the agreement.

Vojtech Bugar, chairman of the Hungarian Christian Democratic Movement: It is true that we would be glad if the two charters were signed, and it does not matter whether this happens in September or October. However, this issue is not part of the agreements between the coalition and us. In other words, we cannot demand that the government sign the documents. The eight points of the agreement that we discussed during the government's formation are being successively fulfilled. They could be fulfilled quicker, in our opinion, but claiming that the government is not fulfilling our demands is too strong a statement. The passage of the law on [birth, marriage, and death] registers and the prepared law on bilingual signs furnish clear evidence of the fulfillment of mutual agreements. Even a blind person must see that. Therefore, I cannot agree with Mr. Duray's view published in the press. Ultimately, his words will be abused by the opposition and the mass media, which is unfortunate. This will complicate our efforts to prove that the ethnic Hungarian parties are capable of effective cooperation with the Slovak Government. We do not have the moral right to link the support of Jozef Moravcik's government to the signing of the aforementioned European charters because such an agreement simply does not exist.

Jozef Moravcik, chairman of Democratic Union: During the formation of the government, we held talks with the Hungarian parties and explained to them the government's coarse of action in matters that are of interest to them. The result of these talks was that everything on which we agree would be contained in the government's policy statement, which is what happened. There exists no other document, apart from the policy statement, in which we would commit ourselves to something. I see no reason for the Hungarian side to arrive at the conclusion that was suggested by Mr. Duray—that is, to stop supporting this government.

Jan Carnogursky, chairman of the Christian Democratic Movement: The present government coalition's promise to the Hungarian parties was that we would meet the Council of Europe recommendations—that is, we would resolve the problem of Christian and family names and the problem of bilingual signs. We also agreed that we would not deal before the elections with the issue of alternative education and the territorial and administrative arrangement. At the same time, we have not abandoned these ideas. There exists no written document about all of this. The coalition did not undertake to sign the European charters on local self-administration and regional languages. It is true that the Coexistence Movement had proposed this in the initial phase of talks, but we did not come to an agreement on this issue.

Ludovit Cernak, chairman of the National Democratic Party-New Alternative: I was present at all talks that preceded the formation of the present coalition and declare that there exists neither an agreement with the Hungarian parties nor a relevant supplement to the original coalition agreement. Everything that had been agreed upon at these talks and that was approved by all of the coalition partners is being complied with and honored. Likewise, I do not know anything about a commitment adopted by the coalition to sign the charters on local self-administration and regional languages by September. [passage omitted]

MKDH Rejects Ultimatum for Hungarian Coalition

AU0506163494 Bratislava SLOVENSKY DENNIK in Slovak 1 Jun 94 p 1

[Interview with Vojtech Bugar, chairman of the Hungarian Christian Democratic Movement, by Roman Vegh; place and date not given: "Conditions for Three-Member Coalition of Ethnic Hungarian Parties"]

[Excerpt] [Vegh] The all-Slovak Council of the Coexistence Movement has decided to form a coalition with the Hungarian Christian Democratic Movement [MKDH] and the Hungarian Civic Party [MOS] for the fall elections. [passage omitted] You must be pleased with that decision.

[Bugar] I am not so enthusiastic about the decision. There are matters on which we had already agreed with Coexistence—for example, that the conditions for the formation of a coalition would not include a common club of deputies because it is far more advantageous to have two clubs than just one. When someone formulates this condition, nonetheless, and adds that, if the MKDH does not agree, there will not be a coalition, he is actually shifting the blame to us. I cannot agree with that. We have therefore resolved to inform the mass media about every meeting we hold on the formation of the three-member coalition—if, for no other reason, than to let the voters find out who is actually slowing down the formation of the three-member coalition and who is asserting only narrow party interests. When something like that happens, all of society must know about it. We cannot play a game in which the voter learns about the result but does not know anything about its course. We will not accept that.

[Vegh] How do you assess the conditions that Coexistence set for MOS?

[Bugar] So far, we only know about them from the press, which is why we have called for an early meeting with Coexistence to discuss them. It could very well happen that we will not agree with some conditions. As I have already said, even now we disagree with a common club of deputies. Moreover, I am curious whether MOS, too, will agree with the conditions that have been published in the media. Personally, I do not consider it appropriate to say in advance: Take it or leave it. That is an ultimatum that need not be accepted.

Minister Criticizes HZDS Privatization Methods

94CH0264C Prague HOSPODARSKE NOVINY in Czech 25 Apr 94 p 4

[Interview with Minister for Privatization Milan Janicin by Oldrich Zabojnik; place and date not given: "HZDS Privatization Methods Cannot Be Used"]

[Text] *Milan Janicin, deputy chairman of the National Democratic Party [NDS], was entrusted with the post of minister of privatization. He spoke with the Bratislava reporter of HOSPODARSKE NOVINY about how he envisions his management of the ministry.*

[Zabojnik] What were the conditions in the ministry when you took it over?

[Janicin] I'll repeat what I already said in response to an American journalist's question: What I appreciate about my predecessors is the fact that they did not succeed in alienating or firing all the able people in this ministry.

[Zabojnik] Have you also found some things about your predecessors that were on the borderline of legality, or even went beyond it in the feverish privatization before the change of government?

[Janicin] They may have been on the borderline, but in Slovakia there is still concern that some residuals may be brought back to life. People are still afraid and do not want to testify on certain matters. For example, I know without a doubt that in the case of the Piestany Spa there existed or still exists a silent partnership agreement concerning two former members of the government and one high legislative official. But I cannot make their names public because they refused to turn over a copy of the agreement to me.

[Zabojnik] What would give courage to people who have information not to keep silent and furnish the evidence?

[Janicin] I am convinced that after the elections, when it will be clear to everybody that Meciar will not be forming a new government, the evidence will see the light of day.

[Zabojnik] As far as methods are concerned, you took over as a kind of legacy the emphasis on employee-owned corporations and more or less a distaste for the voucher system of privatization. What concept do you intend to apply?

[Janicin] The management in those enterprises established in some instances the so-called employee-owned corporations. With various promises and sometimes even with pressure they obtained signatures of the other workers in the enterprise. Following the political line of the Movement for a Democratic Slovakia [HZDS] and later also of the Slovak National Party [SNS] they made every effort to acquire the property. Then in the populist style "sold" it to the employees and these were the famous employee-owned corporations. As far as the voucher privatization is concerned, the method was declared marginal, because according to the HZDS the shares would have been sold below price in view of the weak Slovak resources, and according to that line of thinking foreign capital would easily gain control over the Slovak economy. Therefore, for example according to Mr. Huska, it is necessary to first and foremost enable Slovak entrepreneurs to acquire property in the privatization. I admit that for a certain time even I was, so to speak, blinded by such thinking. But when one ponders this matter, and most of all when one saw how it was being realized in practice, when for example the Vrutky Railroad Repair Shops with a book value of 950 million korunas were to be sold for 120 million to party followers of the HZDS and the SNS, one's thinking necessarily had to change.

[Zabojnik] What conclusion do you draw from it for your specific course of action as minister?

[Janicin] I came to the conclusion that for Slovakia coupon privatization is at present obviously the quickest method for transforming ownership. Moreover, credit resources here are so exhausted that it would not be logical to use them to change the ownership structure. And there are also the social aspects. Coupon privatization is a certain positive step toward the social sphere. It is also related to the need for political stability in Slovakia, without which we shall not be able to join the developed countries. Therefore we can no longer afford any more experiments a la the HZDS.

Country Went From Creditor to Debtor in 1993

AU0506163394 Bratislava SME in Slovak 1 Jun 94 p 2

[Article by "is": "The Slovak Republic Stopped Being a Creditor and Became a Debtor Last Year"]

[Text] Bratislava—On 1 January 1993, state financial assets—that is, state resources on Slovak National Bank [NBS] accounts, the government's claims against foreign partners, claims taken over from Ceskoslovenska Obchodni Banka [Czechoslovak Foreign Trade Bank], the state's deposits with international banks, the state's deposits in domestic companies, claims from financial assistance and realized guarantees, and securities and other claims—amounted to 99.3 billion Slovak korunas [Sk]. On the other hand, state financial liabilities—the state's liabilities with the NBS, the government's liabilities with foreign partners, the state's liabilities with commercial banks, liabilities abroad taken over from

Ceskoslovenska Obchodni Banka, and liabilities stemming from the issue of state bonds—amounted to Sk96 billion. Hence, the Slovak Republic's property and financial position was that of a creditor to the tune of Sk3.3 billion.

By the end of last year, the Slovak Republic's creditor's position turned into that of a debtor, with state financial liabilities exceeding state financial assets by Sk19.3 billion. (This sum includes the liability of Sk5.8 billion stemming from the clearing account with the Czech Republic.) The change, compared with the beginning of the year, between the level of state financial assets and liabilities represents minus Sk22.6 billion. "This situation results chiefly from the Sk21.84 billion rise in debts with the NBS and the Sk3.69 billion rise in debts with other domestic economic entities. In relation to foreign countries, on the other hand, the Slovak Republic's creditor's position has become even stronger," states the draft of the state closing account of the Slovak Republic for 1993. The draft continues: "On the side of state financial assets, the greatest growth was registered by government claims against foreign partners, which now constitute 56.5 percent of all state financial assets. The increase was due mainly to the crediting of interest and exchange rate differences to the account."

The increase in state financial liabilities, on the other hand, was caused mainly by the growth in the state's liabilities with the NBS, which financed the state budget deficit of Sk23.011 billion, the report states.

Government Plans Outlined in Economic Memorandum

AU0406202494 Bratislava PRAVDA in Slovak 31 May 94 pp 1-2

[Article by "ip": "Consultations on the Import Surcharge"]

[Text] Bratislava—Yesterday's consultative meeting of economic ministers, which was held in the presence of IMF Executive Director Willi Kiekens, discussed the "Memorandum on Economic Policies."

At a news conference convened during the course of the meeting, Deputy Prime Minister Brigita Schmognerova announced that matters have been closed 98 percent and that, apparently, they would not be reopened at today's government meeting.

In the social sphere, social payments will be targeted more specifically. The IMF mission demands that the government expeditiously discuss the import surcharge with GATT. The method of its introduction in March had not been consulted and was rather unusual. Moreover, there have been several changes compared with the version approved last summer.

In the memorandum, the government takes upon itself certain obligations concerning the economic development in 1995. The rate of inflation should be kept at 8 percent, but it could be slightly higher following price increases for electricity, heat, and gas. The government's intention is to keep a single-digit rate of inflation. The state budget deficit should be under 3 percent of the gross domestic product [GDP], which is 1 percent less than anticipated this year. Following the zero growth of the GDP projected for this year, the GDP should grow 2 percent next year. Brigita Schmognerova said that the 1995 targets should serve as an important signal for domestic and foreign investors.

The continued provision of tax relief and tax holidays is being reconsidered. They will most likely be kept this year but should be abolished next year in the interest of the creation of a consistent environment. The need is also becoming apparent to abolish tax relief for purchases of State Treasury bills and other securities because these types of securities enjoy a preferred standing on the capital market. The effects of wage regulation, which should apply to loss-making companies and designated sectors, will be analyzed at the end of the year and, on the basis of this analysis, the continuation of wage regulation in 1995 will be considered. The intentions in the sphere of privatization are formulated quite specifically. The basic intention is to speed up the process, a fact that the IMF and the World Bank assess very positively. The government undertakes to deal more vigorously with the financial situation in the company sector and in commercial banks. This will involve mutually harmonized measures aimed at reducing interenterprise indebtedness and tackling bad loans and parallel activities by the European Bank for Reconstruction and Development and PHARE [Economic Reconstruction Aid for Poland and Hungary].

Jozef Trojak, state secretary at the Ministry of Finance, provided information on debt servicing. This year, the state budget will have to spend 23 billion Slovak korunas [Sk] on the repayment of the principal and interest (of which the Slovak National Bank [NBS] will pay Sk12 billion); next year, debt servicing will increase to Sk40 billion (of which Sk9.6 billion will come from the NBS). This growth forces us to mobilize the generation of resources. A burden from the past is the debt of Sk54 billion resulting from the division of the debts of the federal budget. It is expected that, as in the Czech Republic, resources from the National Property Fund will be used to cover this debt.

Health Minister: Health Care Near Collapse

94CH0264A Prague HOSPODARSKE NOVINY in Czech 25 Apr 94 p 4

[Article by CI, CTK: "Slovak Health Care on the Brink of Collapse"]

[Text] Bratislava (CI, CTK)—You cannot talk about a transformation of health care in Slovakia because today it hovers on the brink of collapse, Minister of Health Tibor Sagat said yesterday. He referred particularly to the "unfortunate" systemic measures of the previous

government "introduced in a badly planned time sequence," incompetent changes in the management of hospitals, and the discontinuation of the transformation system of health insurance. The difference in the development of health care in the Czech Republic [CR] and in Slovakia after the division of CSFR is, according to him, the result of better leadership of the Czech Ministry of Health, which managed to provide cogent evidence in support of its needs. "That, unfortunately, was not the case here," he added.

Minister Sagat sees the greatest shortcoming of the former government of Vladimir Meciar in the neglect of the financing of health care, which led to an uneven indebtedness of health care facilities. According to him, health care needs 4 or 5 billion Slovak korunas [Sk] more than is provided in the budget for this year (Sk15.7 billion). At the same time, the internal indebtedness of health care facilities amounts to, according to him, to as much as Sk50 billion.

As a possible source of needed additional funds, the minister mentioned an increase of the budget deficit, which the Slovak leadership is discussing with IMF representatives in Washington. Loans from some European as well as non-European countries should provide another source for the financing of health care. The minister expects that they will be granted by 1 July this year at the latest, at which time he is planning to make some changes in the financing and economic management of health care facilities.

The foreign loans should create the "start-up" capital for insurance companies, which are unable, given the "irregular and variable" collection of insurance premiums, to cover the deficit in their own resources. In this connection he mentioned the need for the state to better meet its obligations. The state, according to him, provides only 10 percent for the health services to children and retirees, which is less than Sk40 per day.

Minister Sagat is in favor of separating the funds of health care and social services insurance in the National Insurance Agency. The fact that the Ministry of Health and the Ministry of Labor and Social Services did not come to an agreement on where health care insurance should belong, led to a compromise solution and the creation of the National Insurance Agency. But the six months of its activity did not bring the expected results, and the separation of the two funds is to be expected.

Socialists Nominate Horn, Favor Coalition

LD0306151894 Budapest Kossuth Radio Network in Hungarian 1400 GMT 3 Jun 94

[Excerpts] The presidium of the Hungarian Socialist Party [MSZP] proposes [Chairman] Gyula Horn for prime minister. The closed session of the party presidium, which ended not long ago, will be followed by a meeting of the national executive and tomorrow's congress, at which the final decision will be made on the nomination of the prime minister. Kata Peli Nagy interviewed Imre Szekeres, the party's executive deputy chairman.

[Begin recording] [Szekeres] The local [party] organizations considered the Alliance of Free Democrats [SZDSZ] a necessary coalition partner and the Federation of Young Democrats [Fidesz] a possible one. This stance has been confirmed by the presidium, and today I will submit it to the national executive. [passage omitted] The presidium has also confirmed that we propose Gyula Horn as the MSZP's nomination for prime minister.

[Nagy] So there will be one candidate?

[Szekeres] Yes. Of course, I informed the presidium that the name of Laszlo Bekesi [author of the MSZP's economic program] had also been raised, as a minority opinion. By the way, we invited Laszlo Bekesi to the presidium session. He also outlined his views on political and personnel issues.

The presidium has confirmed that the MSZP program in economic as well as in other areas is the program we presented to the people during the election campaign, and it is on this program that we wish to hold talks with the possible coalition partners. [end recording]

MSZP To Seek Coalition With SZDSZ

LD0406152894 Budapest Kossuth Radio Network in Hungarian 1500 GMT 4 Jun 94

[Text] Gyula Horn has become the MSZP [Hungarian Socialist Party] candidate for the post of prime minister. At the emergency congress which has just ended 431 delegates voted for him out of the 450.

The delegates also decided unanimously that they will ask the SZDSZ [Alliance of Free Democrats] to become the MSZP coalition partner. They have already sent the letter outlining this to Ivan Petoe, chairman of the SZDSZ. In the letter the MSZP emphasizes that the interest of the country would be served by a joint government by the two parties. The Socialists are ready for a compromise in every essential issue, the letter states.

Horn Comments on Nomination, Coalition

LD0406171494 Budapest Kossuth Radio Network in Hungarian 1600 GMT 4 May 94

[Excerpts] The congress has elected Gyula Horn as its candidate for the post of prime minister. Kata Peli Nagy reports:

[Nagy] Gyula Horn is the official MSZP [Hungarian Socialist Party] candidate for the post of prime minister. [passage omitted] Gyula Horn commented on his victory by saying: It was not I who applied for this post; I was nominated. In his closing speech, he said among other things that the party would have to maintain its current profile; the MSZP should remain a people's party, the party of Aunt Mary and Uncle Joe.

The congress unanimously decided to call on the SZDSZ [Alliance of Free Democrats] to start coalition negotiations with them. The letter containing this request has already been sent to SZDSZ Chairman Ivan Petoe. [passage omitted] The letter also states that the similarities of the programs of the two parties offer favorable conditions for the establishment of the coalition. The letter contains those subjects which the MSZP would wish to negotiate; they would assess the economic situation, negotiate the strengthening of democratic institutions, discuss the urgent measures of the new government, talk about the personnel composition of the government and its mode of operation, and discuss political and legal guarantees. Gyula Horn announced that they were ready for a compromise on all the essential issues.

The delegates, in their contributions earlier, called on the party and the party chairman to show greater tolerance and readiness to compromise. Gyula Horn too agreed with this. As he said: We cry and laugh together, we take the rap together, comrades.

Should the MSZP receive a favorable reply from the SZDSZ, coalition negotiations could begin at the start of next week.

Views Future of Party

LD0506203294 Budapest MTV Television Network in Hungarian 1700 GMT 5 Jun 94

[Interview with Hungarian Socialist Party Chairman Gyula Horn by unidentified correspondent in Budapest on 4 June; from the "The Week" program—recorded]

[Excerpts] [Correspondent] The Hungarian Socialist Party [MSZP] held an emergency congress. [passage omitted] We interviewed Gyula Horn, the party's candidate for prime minister.

[Horn] The important thing for me is that the MSZP is primarily the party of those living off their labor. [passage omitted]

[Correspondent] If we look at the 209 deputies who got into parliament under MSZP colors, almost 90 percent of them are former members of the Hungarian Socialist Workers Party [MSZMP].

[Horn] This is the first time I have heard the figures in this light. To the best of my knowledge about half of the 209 newly elected deputies were members of the MSZMP, although I would not swear to it. [passage omitted]

How can you draw a parallel between this party and the old nomenclature, when the vast majority of our deputies are in the 30- to 40-year-old age group? Even if they wanted to, they could not have filled any leading positions in the MSZMP. This kind of issue is not worth bothering about. [passage omitted]

[Correspondent] What will happen if there is no coalition?

[Horn] It is not an impossibility. The MSZP received support from 54 percent of Hungarian society, so it is obvious we will use it. [passage omitted]

What is not clear is the new government's freedom of action. We do not know about the obligations made by the previous government. Prime Minister Peter Boross told me at our latest consultation that financial obligations pledged by the government regarding various transactions amount to some 200 billion forints. I suppose he was informed thus by the Finance Ministry. However, according to my information, very tough obligations amounting to several hundreds of billions forints will put pressure on the new government. And what can it do? It has to take on the obligations previously undertaken by the government. [passage omitted]

[Correspondent] At one of the lastest rallies you said that the PESTI HIRLAP and UJ MAGYARORSZAG, which at the moment can still be considered as government papers, will be closed down. A report said this morning that the PESTI HIRLAP will not appear next Monday and the editor in chief of the paper was dismissed during the week. What is your view on this?

[Horn] I find it very strange that while almost all of the written press has been privatized, a few papers enjoy support to the tune of several tens of millions forints so that they can follow a certain political line. No one can accuse PESTI HIRLAP or UJ MAGYARORSZAG of criticizing the outgoing government and praising the opposition. They worked along a rather one-sided political line.

[Correspondent] Will there be an opposition paper?

[Horn] [passage omitted] To my mind, real journalism can only take the form of opposition. I do not know of any serious, quality government-party journalism existing in the world, excerpt perhaps in dictatorships.

Discusses Possible Coalition Partners

LD0406204394 Budapest MTV Television Network in Hungarian 1730 GMT 4 Jun 94

["Exclusive" interview with Hungarian Socialist Party Chairman President Gyula Horn by unidentified correspondent on 4 June; place not given; from the "Newsreel" program—recorded]

[Text] After delivering the closing speech, Gyula Horn gave an exclusive interview to Newsreel. The first question was whether the Federation of Young Democrats [Fidesz] will be taken into consideration as a coalition partner.

[Correspondent] It was mentioned that the Fidesz might be invited in the coalition.

[Horn] Such a concrete proposal was not brought up at the congress. However, during our earlier deliberations it was brought up. So the raising of this question is not unfounded. But, in the end, the congress decided that we would put forward a concrete coalition proposal only to the Alliance of Free Democrats [SZDSZ]. Thus, on the basis of the congress's unequivocal decision, I sent a letter to SZDSZ Chairman Ivan Petoe about the coalition proposal this afternoon.

[Correspondent] How many and which ministries does the MSZP [Hungarian Socialist Party] insist on?

[Horn] This was not brought up at the congress since it gave a free hand, a full authorization, to the negotiating delegation in every issue of this kind. We have an eight-person negotiating delegation and I am the leader of it. We think that there is a possibility—at least if the creation of the coalition depends on this delegation—of reaching an agreement.

I can imagine an arrangement that—going somewhat beyond the election results—gives a greater opportunity for the SZDSZ concerning their participation in the government, than their election results will entitle them to.

Among the topics to be discussed—providing the SZDSZ gives a positive reply—the future government's structure has to be discussed by all means. For example, whether there should be deputy prime ministers, whether certain ministries should be merged or whether it is necessary, and which offices, state institutions, or ministries should be abolished. Well, I do not think it would be normal or correct for a party that puts forward a coalition proposal to decide all this beforehand.

As the congress spelled out, the MSZP insists on Laszlo Bekesi having a determinative role in the next government's economic policy.

There is a great need for a readiness to make compromises and reach agreements. This does not only apply to the possible coalition partner, the SZDSZ; I would like

relations to develop between the next parliament's governing and opposition parties, which would facilitate the reaching of agreements in a lot of issues that are common causes. There are a great number of such issues.

SZDSZ To Recommend Beginning Coalition Talks

LD0406183594 Budapest Kossuth Radio Network in Hungarian 1600 GMT 4 Jun 94

[Text] The Alliance of Free Democrats [SZDSZ] has received an invitation from the Hungarian Socialist Party [MSZP] to begin coalition negotiations. The SZDSZ leaders may receive authorization at tomorrow's party convention to begin negotiations. Judit Laszlo reports on today's National Council session.

[Laszlo] The SZDSZ National Council has accepted the executive's proposal that tomorrow's convention should give authorization to begin coalition negotiations, said SZDSZ Chairman Ivan Petoe. However, the delegation—that consists of Ivan Petoe, Gabor Kuncze, Peter Hack, and Balint Magyar—can only sign a coalition agreement if it receives guarantees that on the one hand, the SZDSZ can substantively influence the government's policies, which are to be worked out jointly, and on the other, it can implement its 25-point coalition guidelines to an appropriate degree.

In line with previous plans, a subsequent convention will decide on the draft of the coalition pact—on its acceptance or refusal. The SZDSZ's Executive and National Council request authorization from tomorrow's extraordinary convention to begin the coalition talks because the trust that the voters put in the party obliges the party to do so, said Ivan Petoe, giving a reason for the decision. He also said that in accordance with the liberal parties cooperation agreement, the SZDSZ will inform the Federation of Young Democrats about beginning coalition talks with the MSZP.

It transpires from MSZP Chairman Gyula Horn's letter to Ivan Petoe that the political and legal guarantees of the coalition will also be discussed at the negotiations. The SZDSZ chairman said in connection with this that all this was in line with the SZDSZ's condition that the SZDSZ wishes to effectively influence the policy of the coalition government.

SZDSZ's Kuncze Views MSZP Coalition

LD0506184994 Budapest MTV Television Network in Hungarian 1700 GMT 5 Jun 94

[Excerpts] The convention of the Alliance of Free Democrats [SZDSZ] finished voting in the national sports hall in Budapest only a few minutes ago. Our colleague has arrived back with the interview she had with Gabor Kuncze [SZDSZ candidate for prime minister].

[Begin recording] [Unidentified correspondent] Eighty percent of the delegates at the convention voted for starting coalition negotiations with the Hungarian Socialist Party [MSZP]. How do you see this?

[Kuncze] The convention of the SZDSZ has authorized the executive body to accept the MSZP's invitation to start coalition negotiations. [passage omitted]

[Correspondent] During the course of the afternoon there was discussion about the conditions that the SZDSZ would demand.

[Kuncze] [passage omitted] I think that one must not give details about the conditions now because the negotiating sides will have to decide in the knowledge of their respective terms.

What I consider to be important at this point is that in view of the understanding by both sides that this is not going to be a coalition formed on the basis of sentiments, it is not a coalition to be formed between natural allies, both parties must endeavor to reach compromises, to understand and take account of the other side's position, and to work to conclude a coalition agreement acceptable for the country. If this is achieved, then it will be possible to sign this agreement and the convention will be able to give its consent.

At the same time, it must be understood that if it were to prove impossible for either side to take into account the other side's concerns, then this coalition agreement will not be reached. [passage omitted]

[Correspondent] There have been views expressed within the party—and I am talking about the opinion of the membership—that with this potential coalition agreement the SZDSZ might reach a compromise that will allow it to gain power within the coalition but which will endanger its base because a large proportion or a proportion of the membership does not quite agree to a coalition with the Socialists.

[Kuncze] I, on the other hand, think that this coalition agreement can be reached only by the voting support of the majority of the delegates who themselves had been mandated by the membership. If this supporting vote is there, then in a democratic party the minority universally accepts the majority view. Today I do not see such dangers. [end recording]

Fidesz Chairman Viktor Orban Resigns

LD0406180694 Budapest Kossuth Radio Network in Hungarian 1600 GMT 4 Jun 94

[Text] [Announcer] At today's session of the National Executive [Valasztmany] of Fidesz [Federation of Young Democrats] all the important leaders of the party, including Chairman Viktor Orban, resigned. This is how they drew the lessons of the party's failure in the election. Correspondent Edit Nagy interviewed Viktor Orban.

[Begin recording] [Orban] National Executive Chairman Jozsef Szajer has resigned and so have I, from my post as

party chairman. In effect, all the party officeholders have done the same—including the deputy chairmen of the party.

[Nagy] Why did you make this decision?

[Orban] The party performed poorly at the elections—in terms of our expectations—and the responsibility for this must be borne by the party's highest-level elected officeholders, especially the chairman.

[Nagy] The congress will decide whether to accept the resignations. What do you expect?

[Orban] Until the next congress everybody will remain in place, in practice they will carry out their duties on a provisional acting basis, at least this is what I think. Tomorrow only the date for convening the congress will be debated, presumably sometime in June when—if the party thinks fit—it will be able to elect its new leaders.

KDNP Parliamentary Group Elects Leader

LD0406213494 Budapest Kossuth Radio Network in Hungarian 2000 GMT 4 Jun 94

[Report by Levente Suekoesd]

[Text] The majority of the new 22-member KDNP [Christian Democratic People's Party] parliamentary group elected Tibor Fuezessy head of the deputy group at their founding session in Dobogoekoe. They also decided that in addition to the new parliamentary group head, [outgoing] state secretary Tamas Isepy and Janos Latorczai, [outgoing] minister of industry and trade, will represent the KDNP at the six-party preliminary coordination talks on the distribution of the parliamentary and parliamentary committee seats, former parliamentary group head Bela Csepe told the "Chronicle."

PESTI HIRLAP Suspends Publication

LD0406102094 Budapest Kossuth Radio Network in Hungarian 0700 GMT 4 Jun 94

[Text] From Monday the publication PESTI HIRLAP [center-right daily] will be discontinued. The board of trustees of the 150 Years Foundation, the publisher, decided to suspend publication of the paper due to the publisher's difficult financial situation. The foundation's board of trustees, however, is ready to hold talks with its creditors on a debt settlement. It is also ready to hold talks with new investors on a possible restart or sale of PESTI HIRLAP.

President Goncz Helps Avert Miners Strike

94CH0261A Budapest NEPSZABADSAG in Hungarian 28 Apr 94 p 5

[Text] The protesting miners of Dudar will not demonstrate after all in front of the Ministry of Industry and Commerce. The demonstration planned for today has been canceled because, through the mediation of the president of the Republic, the trade union came to an agreement with the State Property Management Corporation [AVRT], the owner of the Hungarian Power Plants Trust [MVMT], we learned from Antal Schalkhammer, president of the Interior Ministry Employees Trade Union [BDSZ].

The BDSZ planned a protest because the Bakony Power Plant Corporation decided not to receive, as of April, the monthly 5,500 metric tons of coal for the power plant which they contracted for with the Dudar Coal Mine because the demand on the Inota Power Plant decreased by half. After the contract was unilaterally terminated, the mine became insolvent; this, in turn, endangered the jobs of 340 miners. Furthermore, the situation of mining companies that were left out of the power plant-coal mine integration program established through an agreement between the government and the trade union in January became impossible.

"The affected mines, the BDSZ, and the AVRT agreed yesterday that with the help of independent experts they would prepare a joint analysis of the possibilities for financing mines," Antal Schalkhammer told NEPSZABADSAG. He added: In this way it will become possible for mines not included in the integration program to avoid being closed down. In the next two months, the experts will scrutinize the situation of the mines. Until then, the AVRT will help so that the miners can be paid. Furthermore, the property management corporation introduced a motion that requests submitted by mines to the Labor Ministry for personnel power management assistance be evaluated quicker.

"Because the jobs of several thousand people are on the line, as a last resort I appealed to President Arpad Goncz," the BDSZ chairman said. "Without the president's mediation, yesterday's agreement could not have been concluded," he declared.

Joint Venture Plans Satellite TV Broadcasts

94CH0261A Budapest NEPSZABADSAG in Hungarian 26 Apr 94 p 5

[Text] The joint venture initiating the Magyarsat program will have a starting capital of $50-60 million, which will be supplemented by international loans. The feasibility plan anticipates an income of $200 million during the satellite's 11-year life span.

The joint venture founded by the Antenna Hungaria Company plans to start a satellite program called Magyarsat, we reported yesterday. The Hungarian regional telecommunication satellite could insure comprehensive and unified broadcasting and telecommunication in the region.

According to the plans, the light telecommunication satellite of the Amos family, weighing less than 1,000 kg, would be launched by the French carrier rocket Ariane. Currently in Europe, apart from international programs, two or three countries have their own national satellites.

There is great demand on the market for free channels, largely because recently Eutelsat attempted to launch two new satellites but the devices were destroyed. Magyarsat will be insured, so that investors would suffer no loss because of possible errors in the system.

The range of Magyarsat would completely cover Mid-Central Europe. Apart from broadcasting satellite television programs, it would aid business communication. Moreover, because it would cover the entire country, it could also alleviate telephone problems in areas which are hard to reach by cable. The control center of the satellite would be in Hungary, and Hungarian specialists would be in charge of its technical supervision. Viewers could receive the television programs using a satellite dish with a diameter of 70-90 cm.

Gasoline Price Increase Expected in Summer

94CH0261A Budapest NEPSZABADSAG in Hungarian 28 Apr 94 p 5

[Text] The price of gasoline will not change on 1 May, the price committee of the Hungarian Oil and Natural Gas Corporation [MOL] decided at its latest meeting. However, there will be an increase in price in the summer because there will be a considerable increase in the tax portion of fuel prices after 1 July.

The April meeting of the price committee of MOL, which takes a monthly survey on gasoline prices on the world market, the effect of exchange rates, and other relevant factors, took place a few days ago. At its last meeting the group decided not to change gasoline prices on 1 May, Managing Director Gabor Jozsef told NEPSZABADSAG.

However, there will certainly be a price increase over the summer, possibly on 1 July when, based on a decision by parliament, the consumption tax portion included in the price of gasoline will increase. Thus, the consumption tax on leaded gasolines will increase from the current 33.10 forints [Ft] to Ft36.90, and the tax on unleaded gasoline will increase from the current Ft28.00 to Ft29.00. The tax on diesel fuel will increase to Ft26.20 from Ft23. (The 25-percent value-added tax is added to all this.) In other words, leaded gasoline will be Ft4.80, diesel fuel Ft4.00, and unleaded gasoline Ft1.50 more expensive because of the tax. At the same time, the actual price increase might be even greater because if summer seasonal factors or other reasons lead to an increase in oil prices, the oil company will obviously pass the increase on in Hungary as well.

Plans To Grant Credit for Housing Purchases

94CH0261A Budapest NEPSZABADSAG in Hungarian 28 Apr 94 p 5

[Text] The Finance Ministry has prepared the draft of the bill necessary to establish building and loan associations. Hopes are that the new institutions will provide depositors with loans at less than 10-percent interest.

The head of the housing policy department of the Finance Ministry, Pal Cseh, told NEPSZABADSAG that 15 years ago, when youth savings accounts were introduced as a form of savings for a purpose, they were patterned on Western building and loan associations. By now it is possible to establish such institutions in Hungary as well. However, to be able to do so, the law on financial institutions must be amended. Banking experts have already developed concrete ideas. According to Pal Cseh, the bill can be submitted to parliament as early as this year.

The building and loan associations will be specialized financial institutions with special regulations on the management of depositors' money and on who, when, and after how many years of saving credit can be granted.

In this type of financial institution the participants finance each other, Pal Cseh emphasized. In other words, the depositors get low interest on their savings, but the conditions of the loans are also formulated accordingly. In the department head's opinion, the ideal would be if the interests on housing loans did not reach 10 percent. However, he said, it is not the task of the law to determine that.

Any bank already operating in Hungary will be allowed to establish building and loan associations but—as Pal Cseh pointed out—both the operation of these institutions and the regulations concerning them are very complicated, and therefore it will be beneficial to choose an experienced Western partner for their establishment.

Strike Begins at Katowice Steelworks

LD0406094494 Warsaw Radio Warszawa Network in Polish 0800 GMT 4 Jun 94

[Text] A sit-in began at 0600 this morning at the Katowice steelworks. Twelve thousand workers have joined the strike so far. All production and support sections of the steelworks are at a standstill. The strike is supported by most of the trade unions operating at the steelworks. The strike committee, appointed by Sierpien-80 [August-80] trade union activists, is demanding pay increases of 2,000,000 zloty per month, a 30-percent bonus and a one-time payment of 3,000,000 zlotys to every striking worker.

The damping down of the iron blast furnace number 1 has begun and is expected to be completed by 1500. A rally of all staff is planned for 1300.

The steelworks' management is still of the opinion that it is impossible to meet the strikers' demands, as this would quickly lead to bankruptcy. The management has announced that it would rather resign than give in to the demands.

Walesa Confident of Victory in Next Election

LD0406184594 Warsaw TVP Television First Program Network in Polish 1730 GMT 4 Jun 94

[Relayed by TV Polonia Network; passages within quotation marks recorded]

[Text] Before his departure for Great Britain today, President Lech Walesa said that he sees an opportunity for the reconstruction of a political camp that would attain an electoral success similar to that of Solidarity five years ago. The condition for this is, however, that Solidarity politicians start to listen to him. Walesa stated that he is certain of his victory in the presidential election next year.

[Correspondent Maciej Sojka] Walesa feels that low ratings in public opinion poll surveys—in which he is led by several other candidates for the presidential chair—do not negate his chances of a second term in the Belweder Palace.

[Walesa] "That is why I am convinced I will win as president."

[Sojka] The president does not yet know whether he will sign the neo-popiwek law. He admitted that he sees no reason to hurry with this decision.

[Walesa] "Well, not much is taking place. I see certain people who have decent earnings, of 90 million, and these paupers who have a million—and we are so scared of them?"

[Sojka] Asked whether he will stand by his invitation to German President Roman Herzog to the commemorations of the 50th anniversary of the Warsaw Uprising, the president said that he never goes back on his word.

Kolodko, IMF Discuss New Annual Agreement

LD0306192794 Warsaw Radio Warszawa Network in Polish 1700 GMT 3 Jun 94

[Text] At a meeting that lasted one-and-a-half hours, Grzegorz Kolodko, deputy prime minister and minister of finance, presented Michael Deppler, the chairman of the IMF delegation, with Poland's economic strategy.

Let us recall that the IMF delegation has been in Poland on a two-week visit. The aim of the mission is to work out a new annual agreement with the fund. Following the meeting, Deputy Prime Minister Grzegorz Kolodko said:

[Begin recording] [Kolodko] We have complete unanimity here that such a strategy was missing in the past few years, and the fund will, I believe, accept what we propose. But we would like to agree on a number of subjects, first and foremost on the reconstruction of the financial sector, as well as further progress toward macroeconomic stabilization.

[Correspondent Krystyna Koziol] Sir, as new minister of finance, will you want to introduce any changes in agreements that we occasionally sign with the IMF?

[Kolodko] No. At the moment, we want to work out an agreement; we are hoping that the IMF board will accept them at the end of July or in early August. It will be the agreement establishing certain proportions for the nearest period. We have our own plans, and there is a question whether the fund shares the same opinion. We have established that essentially there is a far-reaching convergence of views. Therefore, there is no need to introduce any changes—just to work out an agreement the fund will accept. We will generally follow that line, which has been marked out in the strategy for Poland and which will be the subject of parliamentary debate on Thursday.

[Koziol] What significance will the conclusion of this new agreement with the IMF have for Poland?

[Kolodko] First and foremost, it will put our activities in order. It will also be confirmation by the outside world that our line of the economic policy that Prime Minister Pawlak's government, the Democratic Left Alliance, and the Polish Peasant Party coalition government has been implementing is accepted by international financial circles. It will also be an extra encouragement for additional influx of investment from private sources, which we are keen to obtain because our strategy envisages that we obtain a maximum of these resources. Finally, it will have a concrete meaning in the sense that we will obtain more resources from the IMF, which will help us finance certain plans, especially those connected with the balancing of our balance of payments in the coming period.

[Koziol] If I remember correctly, the resources we obtained came to about $600 million. Will the new agreement—that is, if we manage to sign it—promise a similar amount?

[Kolodko] No, the amount will be smaller, but we are already in a different phase. Today, we do not borrow money left, right, and center. As a result of our policies and strategies, our economy is on a growth path, and we will borrow money abroad only when it is really needed. [end recording]

Daily on Establishing Economic Ties to Japan

WS0306115894 Warsaw NOWA EUROPA in Polish 3-5 Jun 94 p 2

[Article by U.K., S.A.: "Will Promotion Help? Efforts to Enter Difficult Japanese Market"]

[Text] *The meeting of both countries' economic committees demonstrated that, in many areas, cooperation is developing dynamically, while the Japanese Government's decision to unblock the granting of guarantees for merchandise contracts and investment activity in the Polish market may particularly enliven the cooperation, said Prime Minister Waldemar Pawlak after a meeting with Toshikuni Yahiro, chairman of the Japanese-Polish Committee.*

Polish firms have a chance to enter the Japanese market provided their products are qualitatively perfect and meet any standards observed in Japan, and that they know how to win the confidence of Japanese customers. How this should be accomplished was the subject of the second day of debates at the 15th Session of Polish and Japanese Economic Committees.

The Japanese stressed that, in the new reality, Poland could occupy a central position in the region, being placed between Russia and countries of the European Union. But the Poles should learn to promote their merchandise because export capabilities and product competitiveness are a guarantee of commercial success in the international market. Marketing success depends on product quality—the Japanese have particularly high standards in that regard—and on price, distribution, and promotion, said Hideo Kimura of Sophia University.

The Japanese will help us with the promotion part. Hajime Yoshioka, director of the Tokyo International Fair, officially invited Polish firms to participate in the 1995 fair. Within a program of acceleration of economic reforms and development of the countries of Central and East Europe, we can also count on help in organizing the firms' stay in Tokyo and on product promotion provided by the JETRO Japanese Foreign Trade Agency.

Speaking about the sources of Japanese success, Hideo Kimura stressed the role of state interventionism and of management and collective decisionmaking. He emphasized that state policy and a specific strategy, as defined by multiyear plans, were being consistently implemented.

The role of corporations and holdings in the economy is also worth emphasizing. Only such strong industrial/commercial/financial organizations are currently capable of meeting the requirements of international markets.

But, due primarily to a big cultural difference, not all Japanese experiences can be directly implemented in Poland. Japan is a large and perfectionist market, while Polish products are often far from meeting the quality standards in effect in Japan, Wladyslaw Szczepankowski, chairman of the Agropol company, told NOWA EUROPA. But my company has been active in the Japanese market, and we score quite decent results—$80 million in mutual exchange. We sell mostly grocery products but also crystal and furniture. But it is hard to speak of promotion or marketing because that requires very high expenditures, which Polish producers simply cannot afford.

GUS Data on Public, Private Sectors, Salaries

WS0606085994 Warsaw GAZETA WYBORCZA in Polish 6 Jun 94 p 15

[Article by "dz": "GUS—How Much State-Owned Property?"]

[Text] *According to the Central Office of Statistics [GUS], at the end of last year, just 39 percent of the employed worked in the public sector (formerly known as the "state-owned sector"). The highest numbers were employed in the health protection and education systems, where, according to official statistics, the role of the private sector continues to be minimal.*

The prevalence of the public sector over the private one also continues to exist in transportation and industries, even though, when it comes to the latter, the public sector's role continues to decrease. The trade and construction industries have clearly been mostly privatized.

Within the so-called material production area, (without taking ownership distinctions into account), 5.9 million people worked in the last quarter of 1993, with the highest number (3.2 million people) in industries. Out of the 2.8 million people outside of the material-production sector, 1.1 million were employed in the education system, 815,000 in health service, 323,000 in state administration and the justice system, and 241,000 in finance and insurance.

Salaries in the nonmaterial sector were lower by as much as 11.1 percent than salaries in the material sector—that was the biggest difference in three years. The biggest differences were reported with regard to salaries in health protection and in education: They were lower by 15.5 percent than salaries of those employed in enterprises. On the other hand, average salaries in the state administration exceeded those in enterprises by 33 percent, but that means a relative deterioration of the ratios: In 1992, salaries of clerks were higher by almost 40 percent than the average salary paid out in enterprises.

In the fourth quarter of 1993, the average salary in the material sector amounted to 4.7 million zlotys [Z], while the average salary outside of the sector was Z4.1 million, including Z3.6 million in education and health services, and Z5.4 million per month in science.

In industries, where the average salary was almost Z5 million per month, very big differences were reported between individual branches: Z9 million (without annual awards) in the excavation industry, but only Z4.3 million per month, on average, in the processing industry. Out of the material sector, the lowest salaries were reported in agriculture—Z3.5 million—while those in forestry were not much higher—Z3.7 million per month.

The average employee retirement pension was Z2.8 million before taxes and 2.3 million per month after taxes. Regarding agricultural retirement pensions, the numbers were Z1.5 million and Z1.3 million per month, respectively. Employee pensions [renta pracownicza] were Z1.7 million and 1.3 million per month, respectively. Last year, we had as many as 8.730 million senior citizens [emeryci] and pensioners [rencisci].

Finance Minister Denies Economic Drift

LD0606073594 Warsaw Radio Warszawa Network in Polish 0700 GMT 6 Jun 94

[Text] In today's edition of the "Signals of the Day" program on the First Program of Polish Radio, Grzegorz Kolodko, deputy prime minister and minister of finance, denied the claims of certain economists that drift is the characteristic of economic policy, which in their view threatens the slowdown of the economic reforms.

[Begin Kolodko recording] Of course, I do not agree with so critical a judgment. I can cite judgments that write with euphoria of the economic program of this government, which I regard as an exaggeration in the other direction. This is not drift. We are sailing forward fairly efficiently. We have caught the wind in our sails. It is difficult to gain control over certain processes. Others are altogether well controlled by us, which does not mean that there are not problems.

It is difficult to describe as drift a situation in which we have a growth of production over the five months of this year by 10 percent in real terms. It is difficult to describe as drift a situation in which we have inflation over the first five months of the year that is all the time high [as heard] because there is no doubt that certain positive processes that are taking place in our economy are also the achievements of decisions and activities that were undertaken in the past. And, altogether, I would propose that we consider things less in terms of the category of the achievements of this or that government because these are, above all, the achievements of hard-working people. And, if the government will not hinder them in their work and will just create good conditions for them, which we are very concerned about doing, then I judge we will have cause for satisfaction. [end recording]

Pol Plans Special Zones to Attract Investment

LD0606083894 Warsaw PAP in Polish 0243 GMT 6 Jun 94

[Text] Warsaw, 6 Jun—Writing in the NOWA EUROPA daily, Industry and Trade Minister Marek Pol has announced plans to create special economic zones in this country. In his view, the creation of the first zones will ensue toward the end of this year, following the appropriate legislative process. Alongside the so-called multifaceted zones, in which we will be particularly concerned to attract investors with large projects, we wish to have zones oriented toward certain specific areas of activity, the minister announced. It will not be the level of investment that is most significant, but the content—that is to say, the know-how, the technological value of the project, and so on.

According to the head of the Industry Ministry, neither a lower nor a higher value threshold for investment capital is being set. On the other hand, the quality of the investment, the level of employment, and the ecological character of the investment will have a particular significance. As he revealed, the Mielec area is being considered, among others, inasmuch as it is one of the originators of this idea and an area that fought for it, and, in general, those areas in which there are concentrated large, unexploited assets; for instance, those for the reconstruction of the nuclear power station in Zarnowiec.

According to the minister, there is considerable interest among foreign investors. The greatest number of offers comes from the United States. There are also many proposals from Germany, Italy, France, and the Polish capital.

Daily Views Traffic in Radioactive Materials

AU0606091194 Bucharest EVENIMENTUL ZILEI in Romanian 30 May 94 p 1

[Article by Dan Damian: "Romanian Companies Trade With Radioactive Material and Armaments From the Former Soviet Union"]

[Text] The changes that have taken place in the Romanian society after 1989 have enabled the small and large entrepreneurs that have emerged in the business world to amass capital. The expansion of business links in the wake of the opening of the borders of the former socialist camp has led to the emergence of a new sale market, where the relationship between the sellers and buyers is determined by the offer.

Aside from big deals, such as the import of infested sugar and corn and of other foodstuffs from the Middle East, a special place among the various products currently on offer is taken by the trade with arms and radioactive materials.

Armaments and Radioactive Materials Are Delivered From the States of the Russian Federation

The dismemberment of the former Soviet Union in 1990 has led not only to the appearance of new political forces and of new concepts about whether to remake "Great Russia" or not, but also to the redivision of the huge military arsenal of the former USSR.

Part of this arsenal—the nuclear part, which is deployed in such areas of the former USSR that were suitable, from a geographic viewpoint, for pointing missiles at capitalist targets—are under the control of the Western powers and will be dismantled by 1996. The other part of this arsenal, which is active, can jeopardize life in Central Europe and throughout the world at any moment, not only because of the political instability prevailing in the area of the former USSR, but also because of the maintenance of various armed conflicts, which can generate true nuclear holocausts at any time.

In keeping with existing treaties on nonproliferation and nuclear disarmament, one portion of the nuclear charges resulting from the dismantlement of the nuclear weapons of the former USSR is earmarked for peaceful purposes, while the other part is meant to be securely destroyed, so as not to endanger human life and the environment.

Since the quantity of radioactive material resulting from the destruction of nuclear weapons is very large, a good part of it was sold for further use either to countries in the Middle East or to other countries currently interested in producing or acquiring nuclear weapons. Equally true is the fact that the former USSR countries possess mineral resources containing very many radioactive elements, such as radium, scandium, osmium, plutonium, and other strategic elements used in the manufacture of nuclear weapons.

The new trade in radioactive materials has attracted people from both the former USSR states and from the former Warsaw Pact countries, since the profits inherent in this trade are large and immediate.

Among the Russian companies involved in the sale of radioactive substances, we would mention just two: LUCH-3, whose owner is Sergey Alekseyevich Pushkin, and LEGION, represented by Russian citizen Klynchagov [name as received].

Romanian Firms Are Involved in the Traffic of Radioactive Materials

In a short period of time, several people from Romania—including Niculae Costel, representative of several Romanian companies such as ROMBEL and SIRCOM, and Elisabeta Ana Stefanescu, owner and sole associate of TECHNOTOURS company—have managed to establish contacts with Russian companies from the Russian Federation and with various firms in Romania.

Under the cover of ROMBEL company, Niculae Costel managed to contact several people and representatives of certain foreign companies, such as EURONOR BUSINESS PARTNER Ltd., with headquarters in Norway, DB FINANZ CONSULTING AG from Germany, or DHS MERGER-Alois Geissler, offering to deliver red mercury, osmium 192, radium, and scandium in quantities varying between 15 and 200 kilograms, at a cost price of $73,000 per gram, which would be tantamount to a profit of $1 billion.

Throughout the 1992-93 period, Niculae Costel made several visits to Russia to decide on the ways and means of delivering the goods as well as on the amounts of hard currency to be paid into various banks.

Codes Are Used for the Transactions of Radioactive Materials

The offers of the supplier of the respective commodity were sent by fax, with the analysis certificate attached. The analysis bulletins also specified the purity of the radioactive material and the density of the other component substances.

In order to ensure the secrecy of the transaction, the two sides used codes. The codes, containing various names such as "Sunshine," "Apple," "Stardust," or "Nautilus," were used to codify both the transaction and the product. For instance, the code "Nautilus" was used to denote osmium 187, while the code "red oil" was used for the red mercury-RM 20/20.

The letters of intent received from the party interested in buying the product always mentioned that the transaction can only take place after a sample of the respective material was submitted to chemical analyses that would attest to the purity and quality of the product. Only analysis certificates in accordance with the "Karpov" and "Frieberger" methods are valid for such radioactive substances.

The Transport of Red Mercury Samples Is Done With TAROM Airplanes

Although red mercury is a nonactive substance, its characteristics can turn it into a very strong explosive when it merges with other chemical substances. As a matter of fact, red mercury RM 20/20 is used in the manufacture of the neutron bomb.

Using not only her imagination, but also her relations, the owner of TECNOTOURS company, Elisabeta Ana Stefanescu used the Bucharest-Rome TAROM flight of 5 July 1992—which landed in Rome at 1415 hours local time—to transport a sample of red mercury.

The red mercury sample was handed over to the airplane captain by Rosca Stanescu, deputy commander of Otopeni Airport. In Italy, the "small package" was handed over by the airplane captain to Florin Groman, head of the TAROM office in Rome. The package was then passed on to another man within the Rome Airport by Florin Groman himself, who was ostentatiously carrying a sign with the name of the individual supposed to take over the package, namely the Italian citizen Egidio Musso.

Once the transaction was completed, Elisabeta Ana Stefanescu told her Italian business partner, Egidio Musso, to open a dollar account for her at the Italian bank Credito Italiano, with herself as the only one entitled to withdraw money from that account.

Using the "Rosso" code for the red mercury, Elisabeta Stefanescu informed the Italian company OMNIA TECNO SRL, with headquarters in the town of La Spezia, that the "Rosso" sample was brought to Romania by an agent of an embassy empowered to deal with this affair. In the same message, Elisabeta Stefanescu—who until 1989 had occupied various administrative posts at several foreign diplomatic missions in Romania—expressed the fear that she had attracted "too much attention" at home.

For the same material, RM 20/20, Elisabeta Stefanescu used the code "992/LDEASGC/101-M" in a transaction involving 138 kg of red mercury for the MUELLER TREUHAND company of Zurich, Switzerland, asking for $340,000 per kilogram. She also made clear that the deal was concluded in Moscow with Russian partners, with the red mercury procured from the Russian town of Chelyabinsk.

In the July-December 1992 period, Elisabeta Stefanescu spent a "long vacation" in Italy, more precisely in Lerici town, staying at the most luxurious hotel in the region. On that occasion, she got in touch with the business connections in Italy and also established new contacts with people interested in purchasing radioactive material.

At the end of a prosperous business trip abroad, she returned home with two boxes full of jewelry, two fur coats, two Mercedes 220D, a Nissan Patrol cross-country vehicle, and "small gifts" for her connections in Romania. In May 1992, Elisabeta Stefanescu moved out of her parents' home in Londra Street No. 25 into a villa (number 45) in Snagov, which she is renting for 500,000 lei per month.

From the Trade in Red Mercury to the Trade in Military Technology

TECNOTOURS' business turnover, which in 1992 stood at 2 billion lei, exceeded 23 billion lei in 1993, but registered zero profits??! All this was achieved with only three employees and a sole "single associate," Elisabeta Ana Stefanescu. All was made possible by expanding the company's sphere of activity to include the trade in military technology.

By establishing several contacts with the Russian citizen Anatoliy Ivanov, general director of the BIISIK [name as received] Ltd. company, and with Eduard Hiznicenco, director of the COMINET SRL company from Odorheiul Secuiesc, Elisabeta Stefanescu began offering the Middle East "market" a whole range of products from the Russian armaments industry: from AKM and AK-47 machine guns—each costing $170, with some 3 million pieces on offer—up to MI-26 and MI-35 helicopters, T-72 and T-80 tanks, and MiG-29 planes, with the prices varying between $19 million and $55 million.

The Use of Coded Messages and Other Codes in Arms Transactions

Another private entrepreneur involved in the transactions with radioactive materials and armaments, Niculae Costel, representative of SIRCOM company, contacted the ROMTEHNICA company.

In a letter marked "confidential" and "ultra confidential," Niculae Costel informed Rear Admiral C. Raducanu, deputy chief of the Army Supply and Equipment Service, of an impending transaction, namely the confidential project "Yacht," whose destination was the Great Lakes region in Canada. The customer was demanding that the name of the vessel should be kept secret and that the Romanian crew should train the foreign crew during the voyage. In exchange, the customer was offering, in codified terms, "stinger, hot, and patrol" plus "some money." Meanwhile we have managed to identify the meaning of "stinger" and "hot," which stand for antitank missiles.

Izetbegovic, U.S. Senators Discuss Arms Issues

LD0506154894 Zagreb Radio Croatia Network in Serbo-Croatian 1500 GMT 5 Jun 94

[Text] Bosnia-Herzegovina Presidency President Alija Izetbegovic had talks today with a delegation of the U.S. Congress made up of senators Robert Dole, Joseph Biden, and John Warner.

Izetbegovic spoke about the problem of lifting the arms embargo imposed on the legitimate Bosnia-Herzegovina Government. Being aware of the fact that it is really unlikely to expect the embargo to be lifted, Izetbegovic proposed to the U.S. senators that, instead of supplying the Bosnia-Herzegovina Government with arms, the Serb heavy weapons should be seized; this would represent the implementation of UN Security Council Resolution 752.

Senator Dole stressed that the condition for the United States to send its troops to Bosnia is attainment of a comprehensive peace solution. Dole also said that a fair peace in Bosnia must be restored, and therefore in his mind it is wrong to speak about the percentages of territory as the primary issue rather than about the principles of that peace.

The U.S. senators brought to Sarajevo 750 kg of clothes, 3,000 pairs of children's shoes, and a larger quantity of toys, books, and medicines. The U.S. delegation has left Sarajevo for Normandy where it is to take part in the D-Day celebrations.

Serbs Reportedly Still Surrounding Gorazde

LD0406105494 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1000 GMT 4 Jun 94

[Report by Fahrudin Becic]

[Excerpt] Again no favorable news from Gorazde: As of this morning no withdrawal by the chetniks from their positions in the three-kilometer exclusion zone have taken place. On the right bank of the Drina River they are just a few hundred meters from the town, while on the left bank they are still within 2.5 kilometers of the center of town.

The quibbling over whether these are soldiers, police, or armed civilians is more than pointless. When all is said and done uniforms have never killed anyone in this war. [passage omitted]

Akashi Reports Serbs Withdrawing

AU0606121694 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1000 GMT 6 Jun 94

[Text] Although Yasushi Akashi, (?special) envoy to the UN secretary general, said that Serbian soldiers had withdrawn from their positions around Gorazde, the Geneva negotiations on general cease-fire on the territory of Bosnia-Herzegovina have not resumed.

The spokesman of the Zagreb UNPROFOR [UN Protection Forces] Command has (?however) stated that UNPROFOR representatives registered the withdrawal of Serb aggressor's forces from the western bank of the Drina near Gorazde, but that there are still no reliable data on whether the withdrawal (?has been completed). According to him, a final report should have arrived in the Command at about 1100.

It has just been reported at the Sarajevo Peace Forces Command that the commander of the units of the Army of Bosnia-Herzegovina in Gorazde and the local UNPROFOR commander in the town had signed a joint document this morning which stresses that all remaining aggressor's policemen and armed civilians had left the 3-km zone around Gorazde. This announcement was immediately sent to Geneva where political negotiations on Bosnia-Herzegovina are expected to resume. We have not received any new reports from Geneva during [words indistinct].

(Peric Buljubasic), commander of the East-Bosnian Operations Group of the Army of the Republic of Bosnia-Herzegovina, together with the UNPROFOR commander in Gorazde, visited the border lines in the exclusion zone and established that the chetniks had withdrawn from (?Sjenokosi) and [word indistinct] toward [word indistinct].

According to a report by our correspondent in Gorazde, only a few ethnic Serb civilians have been left in the exclusion zone.

Muslims Plan 'Execution' of Captured Serbs

LD0606110794 Belgrade TANJUG in English 1034 GMT 6 Jun 94

[Text] Zvornik, June 6 (TANJUG)—Bosnian Moslems have prepared a plan for the execution of Serbs captured in the area of Mt. Ozren in northeastern Bosnia, Bosnian Serb sources have told TANJUG.

The Bosnian Serb humanitarian aid organisation has apprised the International Committee of the Red cross (I.C.R.C.) office in Bijeljina about the planned execution of the Serbs captured on Mt. Ozren, and appealed to the I.C.R.C. officials to take the necessary steps to save the captives' lives.

In a letter to the I.C.R.C. office, the Serb humanitarian organisation says that Moslem extremists have brutally murdered and then mutilated the bodies of large numbers of captured Serbs in the course of this war, especially in the areas of Fakovici, Kamenica, Kravica near Milic, Brcko and elsewhere in eastern Bosnia.

In mid-1992, Moslem troops stormed and torched 43 Serb villages in eastern Bosnia, massacring 960 Serb civilians, mostly old men, women and children.

Serbs who have fled Tuzla with Croat help for Serb-controlled territories testify that the position of their ethnic kin in Tuzla is worsening, with the town's Moslem authorities evicting them from their homes and taking them away in an unknown direction.

In fear of their lives, Serbs in Tuzla are taking shelter with Croat families in the area, witnesses say.

Serbs Attacking North of Sarajevo

AU0606101594 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 0800 GMT 6 Jun 94

[Report by the 3d Corps Press Center]

[Text] The chetniks are attacking the free Zavidovici territories with all means and (?manpower). They started by firing infantry and antiaircraft weapons at the defense lines, then they attacked (?Boscelovo), Bozici, (Lazanici), and [name indistinct] Bukva more fiercely. They have fired more than 30 mortar bombs at Hajderevici from (Sunici) and 15 shells at Smailbasici from (Paljenici). (?Four) mortar [word indistinct] have been constantly pounding the villages of Bresevine and Tolici. A sniper is active at (Zebni Vrh). There are motor vehicle movements on the (Sok-Vodjuca) line all the time.

Throughout the day yesterday, the aggressor's infantry and antiaircraft weapons were active on the Doboj-Tesanj and Teslic- [word indistinct] and from time to time mortars could be heard. (?Any) infantry breakthrough attempt at the 3d Corps defense lines was prevented with great losses being inflicted on the chetnik ranks.

Several subversive groups that had been dispatched were completely crushed.

Attacks Reported in Gracanica Region

AU0606093094 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 0800 GMT 6 Jun 94

[Izudin Durakovic report]

[Text] In the Gracanica Operations Group zone, the chetniks are not changing their tactics. They are still taking advantage of the night to bring in new manpower reinforcements and to [word indistinct] the arsenal of weapons in order to pound our defense lines, as well as to [word indistinct] set off into new infantry assaults that are successfully repelled by the heroes of the Army of the Republic of Bosnia-Herzegovina.

Although they failed to cause the slightest disorder or disorganization among our fighters, (?yesterday's) missiles, which have not been used on this section of the battlefield before, show that the chetniks are using their last trump cards to [word indistinct] the security zone around Doboj.

During the night, in the zone covered by the 109th Doboj Brigade and the 111th (?Gracanica) Brigade, apart from activity with various weapons of diverse calibers, the chetniks brought to the regions of (?Svjetlica), Radic, and [word indistinct] dozens of trucks with new chetnik forces and equipment. This certainly represents the latest replacement of forces that were crushed by our fighters during the chetnik eight-day infantry assaults on our defense lines.

In the shelling of civilian districts of Klokotica, Brijecica, Lukavica, and Lukavica Rijeka, eight people were seriously or lightly wounded yesterday, while the material damage is huge.

As I report, the chetniks are intensively shelling our defense lines, which is only a preparation for (?mindless) new infantry assaults. The great fighters of the 109th Doboj Brigade and the 111th Gracanica Brigade are firmly maintaining our defense lines and are determined not to permit chetniks [words indistinct].

Serbs Use New Kinds of Weapons on Brcko Front

LD0506192794 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1700 GMT 5 Jun 94

[Excerpts] Enemy forces fired on the central part of the Brcko defense and the defenders' positions in [name indistinct]. [passage omitted]

The aggressor is increasingly using new kinds of weapons. Today large numbers of projectiles 70 mm in diameter and 128-mm long were fired from Serb positions in Lipovac on Klade, using drum-shaped launchers installed on transporters. These weapons are manufactured in Russia. The highly destructive projectiles have built-in time fuses. [passage omitted]

Muslim Attacks Against Serb Positions Continue

LD0606104994 Belgrade TANJUG in English 1025 GMT 6 Jun 94

["Pool" item]

[Text] Zvornik, June 6 (TANJUG)—Bosnian Moslems on Monday continued their armed operations against the Bosnian Serb Republic, in what the Serb Army sees as an obvious attempt to jeopardize the convention and outcome of Geneva peace talks.

There are no armed Serbs within the 3-km exclusion zone around Gorazde, the Moslem enclave in eastern Bosnia, which the U.N. Protection Force (UNPROFOR) has also confirmed, Bosnian Serb Army sources inform. The Moslems are continuing also to violate the ceasefire in the Sarajevo area, attacking from small arms the Serb localities of Ilijas, Vogosca, Ilidza, Nedjarici and Kasindol Street.

On the Ozren front, the Moslems mounted a combined artillery and infantry attack on the Serb defence positions on the southern slopes of Mt Ozren and in the Srbobran and Komar areas in the northeast, TANJUG learns.

The Bosnian Croat Army and the army of neighbouring Croatia are engaged in provocations along most of the lines of separation with Bosnia's Serbs on the Orasje front in the north.

Moslem operations against the Serbs are still going strong in the areas of Doboj, Teslic, Treabava and Vlasic in central Bosnia, and the Bihac and Krupa areas in the west. Moslems are provoking the Serbs also in the Sava River valley, especially around Brcko, which is situated in the neck of a vital corridor which links the east and west of the Bosnian Serb Republic, Serb Army sources say.

Kuna Supersedes Dinar as Legal Tender

LD0606083194 Zagreb Radio Croatia Network in English 0800 GMT 6 Jun 94

[Text] From today the only legal tender in Croatia is the kuna. According to a government decision, the dinar is no longer valid for payments but may be exchanged for kuna in banks and post offices until the end of the year.

Presidential Council Discusses New Currency

LD0306162294 Zagreb Radio Croatia Network in Serbo-Croatian 1500 GMT 3 Jun 94

[Text] A session of the Presidential Council of Defense and National Security was held in the presidential palace today under the chairmanship of President Franjo Tudjman. The Council discussed the economic and other prerequisites for making the kuna a hard currency, the presidential office announced today.

Prime Minister Nikica Valentic told the Council that the monetary reform in Croatia has been wound up by the introduction of a new Croatian currency whose international code is HRK 191. The stable and convertible kuna is a prerequisite for the further development of the Croatian economy.

Valentic stressed that the government will continue to implement the stabilization program and to reform the Croatian economy. A significant production increase has been registered for the first time since 1987. The government will insist on financial discipline in payment transactions. Croatia has met all IMF conditions by implementing its economic program and is expected to sign a letter of intent with the IMF and conclude financial agreements with leading international financial institutions in the next few months.

The Council commended the government, Prime Minister Nikica Valentic, and Pero Jurkovic, governor of the National Bank of Croatia, for their efforts toward the introduction of the kuna and creating conditions for overall international financial support and development and for Croatia's economic renewal. The Council also discussed some foreign policy issues and Croatia's international position. The Council was informed about the construction of the Altar of the Homeland, a monument erected on Mount Medvednica overlooking Zagreb in memory of heroes who fell for Croatia's freedom, the Croatian president's office has announced.

Finance Minister Announces Zero Inflation Rate

LD0306215994 Zagreb Radio Croatia Network in English 2103 GMT 3 Jun 94

[Text] Finance Minister Zoran Jasic, speaking in Split today, stated that the first phase of the goverment's stabilization program has achieved its most important goal, that being the reduction of the inflation rate to zero. Nevertheless, reports unconfirmed by the ministry state that the prices of agricultural products have risen around 20 percent. Minister Jasic announced that negotiations with the International Monetary Fund and the World Bank could result in loans of $128 million for reconstruction, although IMF and World Bank sources say the talks are continuing.

RSK Official Promises Economic Revival

AU0406175694 Belgrade Radio Beograd Network in Serbo-Croatian 1300 GMT 4 Jun 94

[Report by Jovo Vlajkovic]

[Text] [Announcer] Borislav Mikelic, prime minister of the republic of Serbian Krajina government, met with businessmen from western Slavonia. Jovo Vlajkovic reports.

[Vlajkovic] Prime Minister Mikelic requested that those present—as he himself said, the most responsible people here in western Slavonia—expound on their views both on the signed peace agreement and the economic potential and difficulties. They complied. The prime minister promised concrete progress regarding the revival of the economy, the cooperation of merchant banks, and the necessary input needed to ensure that this progress is as grand and as swift as possible. As far as the peace agreement is concerned, he informed those present that the security situation here in western Slavonia will be one of the points on the agenda at the session of the republic of Serbian Krajina's government, which is set for Tuesday, 7 June, in Knin. After ending this meeting in Okucani, the prime minister, accompanied by his ministers, went on to visit Pakrac, where he talked to businessmen and the inhabitants of this northernmost part of the republic of Serbian Krajina.

UN Urged To End Serbian 'Policy of Genocide'

AU0306203794 Paris AFP in English 2027 GMT 3 Jun 94

[Text] Zagreb, June 3 (AFP)—The Croatian Government appealed Friday to the United Nations to take "effective" measures to end the "policy of genocide" being carried out against civilians in Bosnia-Herzegovina by Serb authorities. In a letter to UN Secretary General Butrus Butrus-Ghali, Croatian Foreign Minister Mate Granic expressed his government's "deep anxiety and indignation" over what he called the Serbs' "systematic policy of ethnic cleansing" against the Croats and Moslems. Granic said the UN Protection Force (UNPROFOR) had "not taken adequate measures" to stop the abuse which had led to a "tragic exodus" of non-Serbs from Bosnia-Herzegovina.

In all, Croatia is sheltering some 300,000 refugees from the conflict, with up to 250,000 others having additionally fled Serb-held Croatian regions.

A UN commission has concluded in an official report that the ethnic cleansing programme against the Moslems was a premeditated scheme. While all parties were responsible for acts of sexual abuse, most of the victims

were Moslems, and most of the perpetrators were Bosnian Serbs, according to the report. In Zagreb, the UN High Commissioner for Refugees had expressed concern Thursday about the Serb pursuit of ethnic cleansing, which meant victims had no other choice than to flee.

Bosnian Premier Haris Silajdzic meanwhile said in Paris he was concerned at the continuing lack of a peace accord with the Serbs, who, he said, would not hesitate to extend the conflict. After meeting French Foreign Minister Alain Juppe, Silajdzic pointed out his government had said at talks last week in France it was ready to compromise on territorial issues.

At the talks in Talloires, in the French Alps, an international contact group proposed to award 51 percent of Bosnian territory to the new Moslem-Croat federation, which is demanding 58 percent, and 49 to the Serbs, who control 70 percent. But federation sources said the Moslems and Croats were prepared to negotiate.

Bosnian Vice President Ejup Ganic meanwhile arrived in Geneva reiterating he would not take part in ceasefire negotiations as long as the Serbs did not give an assurance they would evacuate their troops from around the Moslem enclave of Gorazde. Ganic said he would attend political discussions with the international contact group on Saturday but would only go to military talks if UN envoy Yasushi Akashi could verify the Serbs had left the area. But the United Nations warned in Geneva Friday it would cancel the peace talks if Bosnian Serb forces did not fully withdraw from around Gorazde by Saturday morning.

Talks on a truce should have begun in Geneva Thursday, but Bosnian Moslems refused to attend so long as Bosnian Serbs continued to occupy the UN-declared exclusion zone around Gorazde from which they had promised to pull out.

"As of 18:00 tonight there still remained about 20 to 25 armed Serbs, mainly civilians it seems" inside the three-kilometer (two- mile) exclusion zone," said Michael Williams, spokesman for UN envoy Yasushi Akashi.

Army Issues Statement on Munitions Explosion

LD0406213394 Zagreb HTV Television in Serbo-Croatian 1730 GMT 4 Jun 94

[Text] The Political Department of the Croatian Army's Split operational zone issued a statement today in connection with yesterday's explosion in the military munitions depot at Kukuzovac, near Sinj, in which two Croatian Army soldiers were killed and one was wounded. The statement says that, following an investigation, a commission established that mines and explosive devices were stored in the depot in line with the regulations on keeping and storing such devices, so that the explosion did not spread. The statement also stresses that the explosion occurred outside the warehouse, and was caused when an explosive device of an unidentified type fell on the ground, most probably during transport. The device damaged about 20 other mines. The Army's investigating judge is continuing the inquiry into the incident.

General Views 'Final Task' of Army, People

LD0506152294 Zagreb Radio Croatia Network in Serbo-Croatian 1300 GMT 5 Jun 94

[Excerpts] A ceremony has been held in the Croatian National Theater in Split to mark the third anniversary of the formation of the 114th Brigade of the Croatian army, the first reserve brigade. The ceremony was attended by families of dead Croatian defenders, invalids of the patriotic war, high military and civilian officials, and by Corps General Janko Bobetko, chief of staff of the Croatian Army. Sandra Stanic reports:

[Stanic] [passage omitted] Speaking about the beginnings of the brigade, Corps General Janko Bobetko stressed that many pages of Croatian history will be written by soldiers and officers of the 114th Brigade. There are many tasks ahead of us, the corps general added, and one of the fateful ones is to preserve what we have achieved, to return to Croatia every inch of the occupied land and to organize ourselves to be a model democratic and happy country.

[Begin Bobetko recording] We must thoroughly prepare our army and the Croatian people for the final task. If it is our fate to do that—and we will do it with pleasure and conscientiously—there will be no skirmishes, we will go to the end, to the last inch with all our force and all means available. We have let them know this very clearly. We must say and everyone must know that the Croatian state and the Croatian Army have the potential to do that. When and how they will use that potential, that is a question of decisions and estimates. Our task is to be prepared for it and to be up to the task. [end recording] [passage omitted]

Serbs Shell Zupanja; No Casualties Reported

LD0306223594 Zagreb Radio Croatia Network in Serbo-Croatian 2200 GMT 3 Jun 94

[Text] At 2025, chetniks from strongholds in the occupied areas of Bosnian Posavina launched a fresh attack on the town of Zupanja and the village of Bosnjaci. Several large-caliber shells caused fresh material damage, but no one was wounded. Chetniks also attacked the Zupanja Posavina area shortly before 1300. They fired a dozen shells on Zupanja and Bosnjaci.

Krajina Protests Over Safety of Negotiators

LD0306161294 Belgrade TANJUG Domestic Service in Serbo-Croatian 1414 GMT 3 Jun 94

[Text] Knin, 3 Jun (TANJUG)—Colonel Lazo Babic, commander of the Western Slavonia Corps of the Serb Krajina Army, sent a protest letter to General Sharmi, the UNPROFOR [UN Protection Force] commander for

Sector West, over an incident that happened at a meeting of Sector West's commissions in Lipik yesterday. According to a statement by the Serb Krajina Army's Main Headquarters, Croatian General Dzanko threatened to arrest one of the official Krajina representatives at the talks, and a more serious incident was prevented only through UNPROFOR General Vergar's intervention. Voicing serious concern over the success of the upcoming talks and the safety of the Krajina negotiators, Col. Babic demands the Croatian general's apology over the incident that could have unforeseeable consequences. He also demands an increased level of security by UNPROFOR at future talks' venues.

Possibility of Krajina-Italian 'Alliance' Viewed

AU0406141394 Belgrade BORBA in Serbo-Croatian 2 Jun 94 p 12

[Report by Srdjan Radulovic: Is There a Rome-Knin Axis?"]

[Excerpts] The establishment of an open alliance between the Krajina Serbs and the new Italian political team headed by Silvio Berlusconi—as Swiss paper JOURNAL DE GENEVE prognosticates, albeit without invoking any (un)official sources—has reintroduced the story about Krajina-Italian connections and attempts so far at exerting diplomatic pressure on Croatia. [passage omitted]

The Swiss paper's forecast attracts attention since the current revival of Krajina-Italian relations ensued after a lull that was preceded by a case of open lobbying on the part of Italian senator Arduino Agnelli, favoring general Serbian interests on the territory of the former Yugoslavia.

At the end of last September, Senator Agnelli attended a session of the assembly of the republic of Serbian Krajina [RSK] and the Assembly proclaimed him an "honorary citizen of the RSK." At that time, the Krajina authorities suggested to Agnelli that he support Knin's initiative for Italians to mediate in solving disputes between Krajina and Croatia, and he promised to provide "good services."

"I hope that we will march into a liberated Zadar together. The Croats do not deserve to have such a lovely town," Martic thanked Agnelli. [passage omitted]

The announcements of a rapprochement between Italy and Krajina, if only in individual statements by more influential politicians, were followed by the phenomenon whereby the Italian question in Istria and Dalmatia became more topical. The Osimo agreement issue reemerged despite statements by some Italian parties and officials that these documents had become part of history for good.

The question is, of course, whether the Italians care so much about the status of Serbs in Krajina so that they would call into question their relations with their most important seacoast neighbor or whether they have also realized that Krajina is a favorable "political medium" through which one can articulate certain political interests more efficiently.

This dilemma becomes completely superfluous if one keeps in mind Italy's latest actions, which are aimed at hampering Croatian (and Slovene) admission to the European Union and include the Krajina card as part of the game.

By losing aggressive German support and with its general rating in the world falling, Croatia, analysts of international relations assess, has not only become "softer" regarding the possibility of Italy realizing a dominant position in the region of the Adriatic, but also a gratifying "issue" that Italy can use in order to more efficiently enter international games of solving the crisis on the territory of the former Yugoslavia.

As far as Krajina is concerned, its interest is mainly exhausted at a diplomatic-psychological level and therefore the attempt at creating a political Knin-Rome axis, although it is a good diplomatic move, cannot have long-term effects. Over the long-term, Krajina's position still depends on the Zagreb-Belgrade axis.

U.S. Policy Toward Balkans Examined

94BA0280A Zagreb VJESNIK in Serbo-Croatian 19 May 94 p 11

[Article by Nenad Ivankovic: "What Do the Americans Really Want in Bosnia?"]

[Text] Bonn (from VJESNIK's permanent correspondent)—Does the United States see the Muslim-Croat federation as a tool to further its strategic-political interests in the Balkans, or is creation of the joint Muslim-Croat state only an attempt on the part of the mightiest world power to extricate itself from its moral and other obligations in the former Yugoslavia and to do so as painlessly as possible? At the same time casting the entire burden of the risks and uncertainty on the victims of Serbian aggression?

This dilemma is similar to the question: "Has the development of the events in Bosnia reached a phase that might be referred to as a new-Yalta delimitation in this part of Europe between Moscow and Washington, or is that only a forced construct that answers more to wishes than to geopolitical reality?" The questions and dilemmas suggest themselves spontaneously, especially since last week's negotiations in Vienna and the ministerial meeting of the United States, Russia, and the European Union in Geneva. In just a few days the United States has changed its own position, and has done so essentially to the detriment of the Muslim-Croat federation. Whereas in Vienna Mr. Redman, Clinton's special emissary for the former Yugoslavia, supported on behalf of the United States the demand for the future Bosnian federation to embrace 58 percent of the total territory of Bosnia and Herzegovina, U.S. Secretary of

State Christopher suddenly reverted in Geneva to the European position, accepting division in a ratio of 51:49 to the advantage of the Muslims and Croats.

The Muslim-Croat federation was thus reduced by 7 percent in just a few days, and that makes the psychological-political damage from that U.S. loop-the-loop just that much worse.

Are the Americans backing the Muslim-Croat federation in any serious way, and are the promises and guarantees they have made to be believed?

1. There are reasons to believe that the U.S. commitment in Bosnia and in the Balkans as a whole is being overstated by a good bit. It is true that the Americans have made a stronger commitment (since the NATO ultimatum in Sarajevo), but basically the character of their commitment has not changed. It still does not occur to Washington to send ground forces to Bosnia nor to intervene seriously from the air in the events of the war there. There are several explanations for that, but two seem to be crucial: Since the disintegration of the socialist bloc and the bipolar division of the world, tendencies towards isolationism, one of the major constants and dilemmas of U.S. politics, has become stronger in the United States. At the same time, because the ideological and worldview confrontation with Moscow had come to an end and because of Russia's obvious economic dependence on the West, the Russian danger in Europe was reduced to a great extent. In that sense Europe had begun to lose a bit of its priority status for the United States. It would not be long before the Clinton administration would turn its foreign policy options and interests more towards Asia than the Old Continent.

What is more, aside from the moral and political obligations that arise from America's many years of support to the former Yugoslavia, Washington does not see its strategic and national-security interests in this part of Europe, at least not to the extent that perhaps was expected.

In one phase of his vacillating and frequently unclear Balkan policy, it is true, Clinton did attempt to explain strategic U.S. interests in terms of the need to protect human rights and freedoms, but that proved to be too weak a support for any serious commitment of the United States in this part of the world, especially since political conditions and relations in today's world are more and more like those in the 19th century. In his most recent book, which many say is his best, Kissinger in fact predicts that in coming years and decades there will be five or six great powers on the scene (instead of two blocs and ideologies head to head), among which a balance of power will have to be maintained in order to preserve global peace, and that means that policy based on interests, rather than a policy based on principles, will have to leap into the foreground.

Part of that vision proves to have been realized already in Bosnia: The principles and moral-political standards from the heroic period of the Cold War have been completely pushed away into the middle distance or background, and all that is left is harmonizing the interests of the key powers: the United States, Russia, Great Britain, France, and—in an altogether reduced sense—Germany.

2. Aside from the fact that U.S. national interests were not directly touched or threatened in the former Yugoslavia, limitations of Washington's involvement were also imposed by other circumstances, the relationship with European allies first of all. It has been no secret, neither yesterday nor today, that Great Britain and France have been supporting the project of creating a Great Serbia in one way or the other. Even back during the war in Croatia, that tendency was evident, but it took on its full physiognomy after the diplomatic recognition of Croatia and Slovenia.

Since Germany deserves most of the credit for diplomatic recognition, Paris and London tried in every way to conduct a policy which in the end-game would repair the damage done to the interests of those states by the disintegration of Yugoslavia. This is the line pursued not only by the subtle anti-Croat strategy, as a kind of substitute for a more open anti-German policy, but everything has been done to block any serious action that might halt the Serbian war of conquest. With his visit to Sarajevo and Bosnia, Mitterrand deliberately cheated the humanitarian commitment, which has blocked every other action, with the result in the end-game that the Serbs today hold under their control about 72 percent of the territory of Bosnia and Herzegovina.

Those same factors have also frustrated every attempt to settle problems in the occupied areas of Croatia, without allowing Croatia even the possibility of solving that problem with its own forces. To be sure, the situation in France is today somewhat different than a few months ago. The intelligentsia are no longer neutral or pro-Serb, but have become fairly critical of Belgrade and Pale, which to some extent has diminished Mitterrand's own opportunity for open support to Serbia. But in essence France has not essentially altered its policy in this regard; it has only become more quiet. Finally, the most recent threats that Paris will withdraw its Blue Helmets from the occupied areas of Croatia, and perhaps also from Bosnia, are not aimed against the Serbs, but above all against Washington. Paris is dissatisfied with the fact that the United States did not put as much pressure on the Muslims as was necessary for them to accept the division of Bosnia, which basically guarantees Serbia recognition of the results of its war of conquest.

In Britain the situation is more unfavorable in the sense that the orientation of the intellectual elite (educated at Oxford and Cambridge) is still profoundly pro-Serb, pro-Karadjordjevic, so that one can hardly expect any movements towards a new policy there. The statements by former Prime Minister Margaret Thatcher are only the exception to the rule (incidentally, she does not come from the milieu of the Cambridge-Oxford intelligentsia).

So, if the Americans were to embark on an extremely severe course toward the Serbs in Bosnia and indeed in the former Yugoslavia in general, that would necessarily bring them into conflict with their European allies, with France and Britain first of all. That would also jeopardize the minimum consensus achieved in NATO already with the military threats to the Serbs, which would not have been possible without the active support of Paris. In a word: It is not possible at all to expect that the Americans would risk their relations with their European allies because of Bosnia, nor Croatia either, especially since this is nevertheless a European problem and a European conflict.

3. Third, relations with Russia are an equally crucial limiting factor. Even though the Clinton administration no longer looks so naively on Moscow as was the case before Clinton's visit to Russia early in the year, it nevertheless is interested in as much partnership as is possible, that is, in only as much confrontation as is inevitable. First, because it always could be worse with Russia and because Yeltsin has no alternative for the present. Anything else would make Russia still less predictable, and, given the huge nuclear potential which that country possesses, this could give rise to a global danger. In a dual sense: directly in the form of Russian military and political imperialism, and second, through the uncontrolled spread of nuclear weapons and technology even into the so-called "terrorist zones of the world."

Since Russia has up to now been standing behind Serbia, and no one doubts that it will continue to do so, and since indeed it itself has its own strategic interests in the Balkans, it is clear that any radical course toward the Serbs would lead the United States into confrontation with Russia. A confrontation which in theory the United States ought not to fear, but which Washington does not find sufficient national motives for and which Clinton is simply neither psychologically nor politically prepared for nor capable of.

4. All those limitations certainly do not mean that the United States does not have interests on the soil of the former Yugoslavia and will not attempt to pursue them. But certainly not in the fashion that the victims of Serbian aggression have at times imagined.

Washington objectively awakened from its Bosnian lethargy the moment when the Russians, following the Sarajevo ultimatum, "marched into Bosnia" uninvited. In the White House, which unfortunately is more preoccupied with U.S. health reform and Clinton's real or fabricated romances and financial dealings, they suddenly became aware of the fact that the Russians were right there and right then! From that moment on the United States has been attempting to halt that Serbian-Russian westward spread through some kind of a new Yalta, and doing so with methods and means that follow from the limitations and self-limitations of U.S. policy in the Balkans we have described. That is the moment when the idea was born of creating the Muslim-Croat federation and later the confederation with Croatia (which only then was becoming realistically possible!).

The goal in this, as can be seen, was for that Bosnian federation, Croatia, then Macedonia, certainly Albania and Greece, to fall into the western and U.S. sphere of interest, although the last of these is pro-Serb, but, most essential for the United States, it is a member of NATO. Although those states do not make up a compact geographic zone, they nevertheless guarantee U.S. control of the Mediterranean and indeed the Adriatic, since the Croatian coast has become intact. This actually frustrates the Russian outlet to the sea to a more serious extent, since Kotor Bay is no serious point of support in this respect, especially since everything else is under someone else's control.

5. At the same time this explains why the Americans were so yielding in Geneva concerning those 7 percent to the detriment of the Muslim-Croat federation. The problem of the Americans is not so much what is going to happen to a few thousand square kilometers as how to get the Muslims to accept a peace plan based on recognizing the results of the Serbian conquest without exerting great pressure on them.

For them the essential thing is for the Muslim-Croat federation to be large enough to survive and therefore perform the role which Washington has assigned it. In addition, at that lowest level of protection of Muslim-Croat interests in Bosnia it is also possible to achieve, without major confrontation, that accommodation with the Russians we have spoken of, as well as agreement with Paris and London, and, finally, with Belgrade and Pale.

Finally, the Americans have openly told Sarajevo that they do not intend to wage war on its behalf and that the solution must be found at the negotiating table. To be sure, there are signs that Washington would gladly remove the embargo on arms deliveries to the Muslims, as well as to the Croats, which in future would probably turn the situation to the advantage of the present victims of the Serbian aggression. But is difficult to believe that that will happen, since Paris and London are strictly against removing the embargo, and Moscow has already threatened countermeasures, which could particularly hurt the Americans in a region as sensitive for them as, say, the Persian Gulf.

6. Accordingly, we should not anticipate any greater U.S. commitment when it comes to helping Croatia integrate those occupied areas into its body as a political state. Today more or less all serious observers and analysts are cautioning that they see no way of forcing the Serbs to give up occupation and secession. Especially since it is in the interest of France and Britain for Croatia to remain "occupied" in this way. It is generally held that there are two realistic solutions. The first is for the occupied areas to remain a part of the Croatian state only formally, while in actuality and in future they remain under full

Serb authority, that is, under Belgrade, with the possibility of subsequent annexation to a Great Serbia. That is why some of the observers hold that it is perhaps better for Croatia not to make any concessions to the Serbs in the direction of territorial-political autonomy, in hopes that in that way they might come into possession of their occupied areas. According to that version, it is better to keep things open and wait perhaps for other times. That of course carries a certain risk, especially with respect to possible pressures from outside and Serb military provocations.

The other solution, which observers inclined toward Croatia are afraid of, might be that in the end-game, as part of a peace solution for Bosnia and Croatia, Croatia would be compelled to give up its occupied territories, along with the minimal possibility of a correction to its advantage, which would be in the area of Osijek, western Slavonia, and the Zadar hinterland. The Americans would certainly be in favor of that correction, and it would guarantee integrity of the transportation system.

7. Kinkel's rather surprising demand, for the present the only one of its kind, that is, that Croatia be accorded reentry into the financial and business arrangements of the European Union because of its demonstrated cooperativeness, was mainly interpreted along those lines in Bonn. Minister Kinkel himself, who really is sincerely interested in Croatia recovering its occupied areas, seems to be realizing more and more that he cannot gain allies for something like that on the international scene. And Germany is unable to go it alone against all the rest.

It is for that reason, it is being said, that he wants to "bring" the European Union to compensate Croatia for the occupation with financial, i.e., economic, aid. Probably also with the muffled hope that solid financial injections into Croatia might perhaps have a sobering effect in the occupied areas. It is believed that Germany might succeed in that, and there are two reasons why. Most of the funds which the European Union would possibly donate to Croatia would be German anyway, since Bonn is paying the most into the Brussels treasury. Second, France and Britain would consent to this, since Croatia, and this is the most important thing to them, would still remain "occupied."

8. Of course, just as events are unfolding in the field, so political ideas and intentions are also subject to process. The situation for the present seems to be as we have described it. But that does not mean that this will necessarily still be the case in six months or even later. Especially since the Croatian position in the world has been strengthened and stabilized since the Washington agreement, above all in the sense that the Serbs, who bear the main responsibility for the war and the aggression, have themselves remained out in the international cold. To be sure, they still have fairly persistent and strong protectors, but, as we have said, things are never completely glued together.

New Assembly President Mihanovic Profiled

94BA0282A Zagreb VJESNIK in Serbo-Croatian 29 Apr 94 p 6

[Article by Aleksa Crnjakovic: "Instead of Mesic—Mihanovic?"]

[Text] It went exactly the way we forecast it: Dr. Franjo Greguric, Croatian parliament deputy and INA managing director, managed to convince all those whom it concerned that he would not be the right man in the right place, that is, the man to sit at the president's desk in the parliament's House of Representatives as a replacement for Stipe Mesic, who is now its president, but who is to leave that post since he has switched parties and cannot represent the parliament majority. Some other honorable deputies also had their names in the pot along with Greguric's, but, from what we have learned, the list has now been shortened to one man—Nedeljko Mihanovic, member of the Academy.

Although Stipe Mesic has let it be known that he will not leave the post of president of his own volition, since he feels that as a member of another party he can defend the interests of the state, some parliamentary analysts nevertheless forecast that there will be a gentlemen's agreement. The fact is that the majority party has the right to choose the president of the parliament everywhere in the world.

As matters now stand, Mesic will withdraw, but he will not drop out of the race. It is assumed, that is, that his new party will nominate none other than himself as its candidate to oppose the probable candidate of the HDZ [Croatian Democratic Union]—Mihanovic. There are also those who think that the strongest opposition party, the HSLS [Croatian Social-Liberal Party], will offer its candidate as well, so that there would be three in the race. The winner would be whoever got 70 votes, or, if two are left, the one who gets one vote more than his rival.

Balloting—Open or Secret?

The fight for votes would be interesting. But the collection of signatures to qualify to run in the race would be equally interesting. The candidates must collect at least 30 signatures. In addition to his own 17, the Liberal candidate might perhaps also get two IDS [Istrian Democratic Conference] signatures, perhaps even a dissident or two from the HSS [Croatian Peasant Party], and an independent like Vladimir Bebic. In addition to his own 11, Mesic would also get six signatures of the SDP [Social Democratic Party], perhaps even a few votes from the HSP [Croatian Rights Party], and a few HND [Croatian Independent Democrats] members "if needed."

If there are several candidates in the running, the balloting may be secret. Nevertheless, if nine deputies seek an open ballot, the decision could be made to that effect. In that case, the opposition might demonstratively withdraw from the chamber, blackmailing the incumbent party and forcing it to accept a secret ballot. They are not

after all electing the president of a soccer club, for God's sake, but the president of the parliament!

And in that case everything becomes uncertain for the simple reason that now the likely HDZ candidate does not enjoy enough confidence and prestige among the oppositionists for the outcome to be certain. If Mesic had been opposed by Dr. Greguric, there would not have been that uncertainty.

Dr. Nedeljko Mihanovic is not a politician; as he himself acknowledges, he simply wandered into politics because of his strong desire to help in bringing down the Yugoslav state, which he had always been against, and to help build Croatia, which had always been his dream. He entered the elections out of enthusiasm, simply in order to help the HDZ, in which he enrolled at the very beginning, in whose program he placed absolute trust, and whose leader he has followed. So, since he never had political aspirations, nor was he ambitious, and since he was pushed into political waters, Dr. Mihanovic, as they say, is not comfortable there.

Which is no wonder when you realize that he has spent his entire working life in the tranquil, shaded and apolitical chambers of the Institute for Literature and Theater of the HAZU [Croatian Academy of Sciences and Arts], as a consulting scholar. If he is nevertheless elected president of the parliament, he will not have an easy time of it. Academician Mihanovic is not young, and even by temperament he has always been known as a tranquil man attached to books, not a potential agile politician.

Life Among Books

He was born on 16 February 1930 in Sitno Donje, near Split, to father Marin Mihanovic, a farmer, and mother Marija. His wife is a lawyer, they have a daughter. He has a Ph.D. in philology. In 1958 he went to the Institute for Literature, where he became director of the section for literature. "If I searched the world over for a better position than this one, I never would have found it. From this warm pillow of aesthetics and art, I put my head on the very volatile political pillow," he was to sadly acknowledge. He has been a reader of Croatian language at Hamburg University.

He has published a number of essays, criticism, and lexigraphical contributions, he has edited critical editions of the works of Croatian writers, for example, the poetry of Stanko Vraz, the poetic works of Vladimir Nazor, Govor Umjetnosti (*The Language of Art*), Oblikotvornost i smisao (*Form and Meaning*), Mjera i vrednost (*Measure and Value*).

He won on the slate of the HDZ in Medvescak Opcina in Zagreb and became a deputy in what then was the Chamber of Opstinas. He is today a deputy in the House of Representatives. "I tried to withdraw from politics right at the outset, but they said that the interests of the Croatian state and the Croatian people were at stake, and I am simply disarmed by that argument. I have an aversion to politics, to officialdom, but I would never stand in the way," says this literary historian, who is only afterwards a deputy. Will this man of the pen get his bearings behind the president's desk?

When you talk to Academician Mihanovic, you are aware of having a poetic soul opposite you. If he becomes president of the House of Representatives, how will he deal with the political wolves and foxes? Will he be able to react quickly, using every possible means? Or perhaps, that moderateness will have a good effect on the hot passions in the parliament?

Interview With Mihanovic Published

94BA0282B Zagreb VJESNIK in Serbo-Croatian 29 Apr 94 p 6

[Text of interview with new Assembly President Dr. Nedeljko Mihanovic by Aleksa Crnjakovic; place and date not given: "I Do Not Crave Honor and Power"]

[Text] *When you meet Academician Nedeljko Mihanovic in the corridor of the Croatian parliament, you always have the feeling that he is apologizing for being there. Although he gives an impression of self-denial and modesty, Deputy Mihanovic has always overcome a certain uneasiness just in advance of public speeches in the chamber. As a rule these are not speeches for the general public. They are full of associations, of historical reminiscences, of metaphors, quotations, a teacher's admonitions, and a poet's conceits. We stopped him in a "hit-and-run attack" to check out the stories circulating in the corridors of parliament that he will in fact become the president of the House of Representatives, to the surprise of many.*

[Crnjakovic] If you are offered the post of president of the parliament, will you accept it?

[Mihanovic] I am not giving any thought to that at all. I have seen my name in the papers. I am not a man who craves pomp and power; I want to remain neutral. But if that would help to calm down the entire situation, to prevent a crisis from occurring, I would accept. I look on that position with awe, with great responsibility and to some extent with an inner fear in the face of that challenge. If there is a need for my person to fill a vacuum, I will always accept that burden for Croatia.

Trust in Common Sense

[Crnjakovic] Is there good reason to fear a possible parliamentary crisis?

[Mihanovic] I am convinced that there is not. I always believe in a certain awareness of people who could cause some possible trouble in the parliament. I believe that even Mesic will not accept that, and he is saying that they are sticking to the line of Croatian statehood, that they will not do anything which could harm the Croatian state. Changing leaders is a democratic proceeding. If they have left the party, they cannot obstruct the parliament. I believe that common sense will prevail with them. What must be done will be done according to democratic procedure.

[Crnjakovic] What needs to be done?

[Mihanovic] To resolve the issue of the presidents of the House of Representatives and the Chamber of Zupanijas, since by the rules of the game the leading party has the right to those posts.

[Crnjakovic] What if they do nevertheless remain in the way?

[Mihanovic] That would be very harmful for Croatia, since the parliament would not be able to enact laws, elections would have to be called, which means paralysis for at least six to eight months. Croatia would be marking time, it would be stymied, and I believe that is not in anyone's interest. Less money, lower output, a lower standard of living....

[Crnjakovic] Perhaps someone intends just that?

[Mihanovic] That would then be sabotage, destroying the foundations of the young state, which is doing everything to get in the flow of Europe and the world, to resolve the issue of its occupied areas, which wants economic progress. Anyone who has such intentions would be working against his own Croatian people. I think that such an outlook will not prevail. I believe in the unity of Croatian consciousness when it comes to the interest of the Croatian state. I cannot understand anyone sitting in the Croatian parliament being against the interest of the Croatian people.

Some People in the HDZ Have Sighed With Relief

[Crnjakovic] How do you evaluate the events related to establishment of the new party by people from your own ranks?

[Mihanovic] I do not think it was on constitutional grounds. Individuals felt that they had not been satisfied in their claims and vanities. They thought that they did not have enough power. Some perhaps thought that it was they who should be conducting the policy of the Croatian state from the positions they held. Why, then, did we elect a head of state?! With the help of the other instruments of power, he is conducting the policy of the state. A parallel policy cannot be conducted. Do you happen to know who is the president of the parliament in Germany? That post is important, but the president of the parliament does not shape the policy of the state. Some people have perhaps overstated the powers which they felt they should have in the positions they held, and then they took action, mistakenly judging that they could cause a breakdown. They thought it was enough for one strong man to leave the HDZ and the party would fall apart.

[Crnjakovic] What is the situation in the HDZ?

[Mihanovic] Very stable. There are no internal convulsions. Some even sighed with relief that we no longer have the tug-of-war between ultra-left and ultra-right, but are following a middle and moderate line in creating the state of the Croatian people. This is the only realistic program which will not take us into the extreme blocs.

[Crnjakovic] What will happen if President Mesic does not want to withdraw voluntarily?

[Mihanovic] The democratic procedure called for by the rules will be invoked, no one will be "removed" illegally. I think there will be no skirmish, since this will be done according to procedure. I think that these people will not cause any interference. The parliament will continue its work.

Statements Harmful to Croatia

[Crnjakovic] Would it be less harmful to leave Mesic in place even though he belongs to another party?

[Mihanovic] You never know what kind of propaganda he might deliver from that post as a member of another party, an opposition party. You know that numerous foreign and domestic delegations visit him. A case might arise when he made propaganda harmful to Croatian state policy and harmful to the legally elected government, but to the benefit of his own party. The party which has the majority would not allow that in any country. Let us be clear, I do not preclude the possibility of his behaving correctly, but there are the rules of the game. In addition, his statements of alleged concentration camps and supposedly deliberate murders are harmful to Croatia. I am not saying that this has not occurred, but war brings with it horrible things which you cannot always control. In war prisoners are taken, they have to be put somewhere, but when you say "concentration camp," you automatically think of gas chambers, torture and other horrors. We did not have concentration camps. We did not kill people deliberately, we did not throw them into any Jazovkas.

[Crnjakovic] Will the balloting for president of the parliament be open or secret?

[Mihanovic] Why should it be secret? That is not necessary. If anyone is against, why should he be afraid of declaring it publicly? No one is going to discredit anyone in that way. I hope that we will preserve the democratic and tolerant spirit in the parliament.

[Crnjakovic] Does that exist now?

[Mihanovic] Yes. We can be satisfied with that. In this time of war, when passions are additionally intensified, we are behaving well. It is normal for there to be intolerant individuals in all parties, but the parliament as a whole is behaving in a civilized way. Perhaps at some points it might be more constructive and not try to obstruct the government. Mr. Valentic is committing his entire potential, intellectual and otherwise, to improving Croatia as much as possible, and so are his ministers. I was profoundly offended when Vladimir Bebic said of Dr. Granic, deputy prime minister, that he was a war criminal. That is horrible! And to say that of a man who by his title and his spiritual makeup is a humanist! This was said from the speaker's desk completely out of the blue and without evidence! For me that was the most serious incident in the parliament in these past four years.

I Have Known Tudjman for a Long Time

[Crnjakovic] You are often defending the president of the state. Are you defending him personally, or the dignity of the office he holds?

[Mihanovic] It is not a question of any personality cult. I have known the president of the republic for a long time, since back in the 1960's when he worked in the Institute, when we worked together on certain programs. Even then I was surprised at the imaginativeness of the cultural policy he was pursuing. That was very brave. The Croatian line always followed from his conclusions, although it was not simple to pursue the Croatian option at the Institute for the History of the Working Class Movement. That was gratifying to all of us around him in the Institute for Literature, since we all had a Croatian orientation, we did not have a single party member among us. He pursued a wise and moderate policy. Since that time I have respected him as a sensible person, someone who always thinks out his reasons and all the consequences of a particular move. The HDZ Program was one of the clearest, that is why I committed myself to him. I do not believe in the collective consciousness. I believe that one man, if he heads a movement and a program, can accomplish much historically. No one will be able to dispute that Tudjman is the creator of the Croatian state. That is a fact which cannot be denied. Let us be happy that we have created the Croatian state. This is not an illusion, a phantasmagoria, it is here and now. Everyone takes it into account today. What its nature will be is now up to us. Italy has been functioning for 40 years, and you see what has happened there. Taking things all in all, I think that we have achieved the maximum.

SSH Leader on Status of Left in Croatia

94BA0290A Belgrade BORBA in Serbo-Croatian 21-22 May 94 p 11

[Text of interview with Silvije Degen, president of the Party of Socialists of Croatia, by Jovo Paripovic; place and date not given: "Tudjman Is Not Croatia, Nor Is Milosevic Serbia"]

[Text] *Silvije Degen, president of the Party of Socialists of Croatia [SSH], is said in Zagreb to be one of the most charismatic figures on the Croatian political scene. He was a candidate for president in the recent elections in that republic. His involvement on all sides is more important than that. As a lawyer he seems not to have missed a single important trial in the former Yugoslavia. A fighter for human rights and freedom of public speech, he refers to the law-governed state as his basic objective, and from that follows the social welfare state, but not the one in which there is absolute equality of all people, but a legal and social equality within which every member of that state can achieve equal rights with equal work.*

Silvije Degen is a descendant, as he likes to say, of a woman nostalgic for Austro-Hungary, and he comes from a family of "traditional urban leftists," so that he too is today on the Croatian left, but some people are inclined to say that he is a member of the so-called "fundamental left." Such people like it that his socialist ideas date from before Bolshevism and nationalism. That is why we began our interview with the question: What are the chances of the left in Croatia?

[Degen] The greatest need of the Croatian state as a whole, but likewise of every one of its citizens individually (except those who like things the way they are), is to finally bring about a more just society, true democracy, the rule of law, order, and security. That alone is sufficient for the conclusion that the left has great opportunities.

According to our assessment, a strong and clearly defined leftist party would today have no particular problem getting 30 percent of the electorate. In its actions the present Croatian Government is doing everything to increase that percentage. Not only has it cast on the backs of the people who live from their wages and pensions, that is, from their labor, the entire burden of financing the war, but it has also made it possible for a small group of people from within the country and abroad to become rich at their expense.

The Disunited Left

[Paripovic] Do you mean that life is difficult in Croatia? That the state is the one that in a sense is plundering its citizens?

[Degen] A foreign journalist recently asked me how people can survive at all with that kind of income. I replied that in Croatia people are not living, but merely surviving. He then asked me whether people are selling the "family silver" to buy food. I replied that the state has taken away from its citizens the "family jewels," that is, the economy, which was built over decades and is now being sold off for a song to the new rich, and then they call it privatization. That cannot be justified in terms of the war, nor the displaced persons, nor the threat to the Croatian state of the Serbian rebellion. Quite the opposite. This will in fact be demonstrated in the very next election in Croatia.

[Paripovic] There is ferment on the left, and there have been various games. How much will all that help, and how much will it hurt the Croatian left in taking its place on the political scene, which in your assessment offers exceedingly good opportunities?

[Degen] In Croatia today the left organized in parties is weak and disunited. I personally think that the ferment you mentioned (and those who wish can even refer to it as games) has been extremely worthwhile. It results in clearer definition of the parties, with each passing day it is becoming clearer who is for what, and that is making it easier for people to make a choice. This is a normal consequence of the changes and of the stratifications that have occurred in society. The party in power has define itself as the party of primitive accumulation, that is, as the advocate of the stratum that is enriching itself

without any restraint and without any concern for the victims. The left must also defined itself from scratch. The worst-case scenario would be for everything to remain as it has been up to now.

[Paripovic] Mika Tripalo is spoken of as a man who would stand at the head of a united left. He himself sees the problem of how to create that united "left-wing bloc." How do you look on that?

[Degen] That problem has been overcome. We tried to unite all the left-wing parties—I personally worked very hard on that—but without success. We were thwarted along the way by certain personal interests (usually referred to as "interests of leaders"), but also objectively by differing views of the policy which should be conducted. That is the reason for a certain polarization within the SDP [Party of Democratic Reform] (Racan's party—author's note) and within the SDU [Social Democratic Union] (Horvat's party—author's note). As things stand now, there could be a rallying of a substantial portion of people around the SSH, which I head. That is also the choice of Mika Tripalo, an honorable man, I repeat, who has great intellectual power and an indisputable reputation, who has been and has remained a true leftist regardless of his difficult experiences in life and politics. His commitment will help many people in Croatia to make a choice.

The Traps of Nationalism

[Paripovic] If there is a unification of the left headed by Tripalo, what is the fate of Racan and the SDP?

[Degen] The Croatian voters will answer that in the next election. In the first election in 1990, in spite of all the communist baggage, the SDP got almost 30 percent of the vote. Two years later, it got between 5 and 6 percent. But that did not impact them in such a way as to change their timid policy of a "self-denying opposition"—that is Racan's expression—which guards the government from itself, instead of fighting for the interests of its voters. I think that true leftists and sober people, and there are many of them in the SDP, have good reason to fear the next election.

[Paripovic] Socialists who have declared themselves to be a "left-wing force" are in power in Serbia. How willing are you to talk with those left-wing forces? What in general is your view of a linkup of left-wing forces on the territory of the former Yugoslavia?

[Degen] The Serbian "socialists" are a party of war, of conquest, of blood and soil, and I do not see what I would have in common with them. In their arrogant plundering of their own citizens, they are much closer to the party in power in Croatia. I do not know Slobodan Milosevic's wife and her party, and I have no desire to. I am not willing to talk to them, at least not on terms of a leftist with leftists. In any case we have good and strong relations with many socialists in the world as well as with the Socialist International. We also have constant contacts with left-wing parties from the states which were formerly parts of Yugoslavia, for example, with the Bosnian Social-Democrats. We will certainly have contacts with the Serbian parties when the war ends, when there is mutual recognition (including internationally recognized borders), when the displaced persons are returned to their homes, and when real left-wing parties appear on the scene in Serbia.

[Paripovic] Croatia is having a hard time ridding itself of certain symbols which remind the objective observer of an unpleasant past, and fanatics are justifying themselves in terms of tradition and everything else. How do you look on the return of the kuna, the obstinacy concerning the Square of the Victims of Fascism, the renaming of streets, and the building of the "Altar of the Homeland" on Medvednica?

[Degen] In phrasing the question, you fell into a trap and equated Croatia with the party in power, or, more accurately, with the radical nationalistic segment of that party and with President Tudjman. They are not Croatia, just as Milosevic and his group are not Serbia. However, they are still strong enough to impose their will. But even when it comes to symbols, we should not fall into the traps of nationalism with the opposite sign. Croatia should not give up the checkerboard flag because it was flown by the ustasha criminals in a horrible period (not just "unpleasant"). Nor, certainly, will Serbia give up its historic crest because many chetnik crimes have now been committed under it. There is another thing in the examples which you have mentioned. I will repeat what I said in the speech at the citizens rally in Zagreb commemorating Victory Day (9 May). I referred to taking away the name of the Square of Victims of Fascism, 8 May Street (the date of Zagreb's liberation), the destruction of antifascist monuments, and so forth, and I quote, as "a barbaric act of the primitives in power." In speaking against the kuna [marten], I said in figurative terms that it is the "smallest but bloodthirstiest mammal on the globe." What else did you mention? The Altar of the Homeland? Let's get serious. The Croatian public is horrified at that and is laughing at it.

[Box, p 9]

The HDZ Spirit Will Not Last

[Paripovic] The Social Democrats are in power in Europe, from Sweden southward through the continent. Will Social Democracy take advantage of the opportunity, or will the forces of the nationalistic bloc succeed in taking the people to the other side once again?

[Degen] It will not succeed. That is clear even now in Croatia. Provided of course that the state of war really comes to an end and the feeling of the national threat really diminishes. But even now there is a fierce stratification taking place. Even on the Croatian right they are divided over the question of whether introducing the law-governed state can be postponed until internationally recognized Croatian borders are established. "And what will there be until then? the HDZ spirit?" That was

the reaction of one of the leaders of the new party that has arisen in the bosom of the HDZ [Croatian Democratic Union]. Croatia of course has the well-known problems of freedom of the media, equality of parties on the public scene, the election law—but all that will not stand in the way of the changes which are inevitable.

ΩPolitical, Economic Developments Noted

94P20848A

[Editorial Report] The following items on political and economic developments in the Republic of Croatia are drawn from periodicals published in the republic.

Controversy Over New Croatian Currency

Croatian and Serbian newspapers have published articles condemning the introduction of the kuna (Serbo-Croatian for marten) as the new Croatian currency, mainly because it had heretofore been used only in the Independent State of Croatia (NDH—World War II pro-Nazi state ruled by Ante Pavelic).

"The replacement of the Croatian dinar with the Croatian kuna is primarily a political act.... The name kuna itself is pure politics, because it defines the origin of the current Croatian state differently than the Constitution does. Instead of the current name, derived from the Yugoslav dinar and originally from the Roman denarius, we are getting a name which the NDH's money bore.... Thus, the wishes and dreams of influential persons nostalgic for the NDH are being fulfilled," the 9 May edition of the Split weekly FERAL TRIBUNE writes, going on to cite Josip Manolic, vice president of the newly founded Croatian Independent Democrats and a leading critic of Croatian President Franjo Tudjman, as saying that Tudjman personally gave the order which the HDZ majority in the Croatian Assembly "simply obeyed in a discipled manner."

The 5 May issue of the Zagreb weekly GLOBUS also published criticism by Manolic of the decision on the new monetary unit. The kuna has never been the Croatian currency, Manolic said, except during the time of NDH. Marten pelts, he noted, were merely a commodity used for bartering in the time before Croatia had currency, just as were seashells, leather, or sheep. The use of marten pelts was absolutely not a tradition, he added, in spite of what Tudjman and others who support the return of the NDH currency claim.

Manolic went on to say that numerous "pogroms" against minorities, and even against many Croats, were carried out during the four years the NDH existed. "We should be realistic. Neither the Jews nor the Serbs will be able to accept the kuna as their money," he continued, observing that the NDH was not a "shining" period in Croatian history and that nothing from that period should be linked to the present Croatia. "We cannot seriously consider the reintegration of the occupied territories with such things as the kuna," he concluded, according to GLOBUS.

"The introduction of the name kuna for Croatia's currency is a harmful political move, one of those that are renewing Pavelic's Independent State of Croatia," the 5 May issue of the Zagreb daily VJESNIK cites Branko Horvat, president of the Social-Democratic Union (SDU), as stating at an SDU press conference. Horvat went on to say, according to VJESNIK, that "the kuna has never been Croatian money; it was invented during the NDH, and there is no reason whatsoever to reintroduce this name. This is obviously a concession to the ustasha elements that surround President Tudjman, and this name offends the pride of cultured Croatian people."

Several Croatian politicians critical of the introduction of the kuna have also been cited in the Belgrade press. For example, Silvije Degen, leader of the Socialist Party of Croatia and renowned Zagreb lawyer and human rights activist, noted during an interview in the 21-22 May Belgrade daily BORBA, that "symbolically, the marten is the smallest but most bloodthirsty mammal on the face of the earth."

Share of Zagreb Brewery Sold to Belgian Firm

With the signing of an agreement for the sale of 23.78 percent of the shares of the Zagreb Pivovara (brewery), one of the largest privatization deals in Croatia to date, worth 40 million German marks [DM], has been concluded, reported the 5 May VJESNIK. The Belgian firm Interbrew immediately paid double the "nominal" value of DM9.7 million for the shares, and is planning to invest an additional DM21 million in the Zagreb brewery—DM11 million immediately and DM10 million in a year—VJESNIK reported, adding that the Belgian firm for the present has a minority stake but that its share will increase with the additional capitalization. The contract was signed on 4 May by Ivan Penic, president of the Croatian Privatization Fund, and Hans H. Meerloo, president of the executive board of the Belgian firm. The privatization fund management board unanimously decided to sell the Zagreb Pivovara shares to the Belgian firm, which made the highest bid, VJESNIK added.

German Firm Becomes Majority Owner of Koncar

The German firm EGE, through "additional investment" in the Rade Koncar firm in Slavonska Pozega, has become majority owner of this "relatively small but profitable export-oriented firm," according to the 5 May VJESNIK. During the capitalization process, which has been going on for almost two years, the German partner has invested DM7.3 million in Koncar. Production of tube heaters began in 1993, and this year funds were invested in the production of heating plates. Koncar-EGE director Zeljko Bohm told VJESNIK that annual production of about 2.5 million heating plates and 2 million tube heaters is planned. Most of the production is for export to Austria, Germany, and Switzerland, and production for the Italian market is especially significant. This year, 500,000 heating plates will be delivered to two Italian buyers.

Drnovsek Warns Croatia Over Border Problems

LD0306152694 Belgrade TANJUG Domestic Service in Serbo-Croatian 1350 GMT 3 Jun 94

[Text] Ljubljana, 3 Jun (TANJUG)—Slovene Prime Minister Janez Drnovsek has warned the Croatian leadership that Slovenia will make "some political moves" unless Zagreb accepts Ljubljana's demands for the resolution of the problem of the state border between the two former Yugoslav republics.

The Croatian Government last night rejected the Slovene Foreign Ministry's proposal that Slovenia take over full control of the Bay of Piran, and Croatia continue the building of the Secovje border crossing near Portoroz. On this occasion, Drnovsek threatened to cancel the official visit of Slovene President Milan Kucan to Croatia and place the Secovje border crossing down the list of priorities.

Despite the claims of Prime Minister Drnovsek that Slovenia is opposed to a further exacerbation of relations, the official cancellation of Kucan's visit to Zagreb, scheduled for 7 June, is expected soon. The failure of the Slovene president to depart for Zagreb would represent yet another diplomatic clash between Ljubljana and Zagreb, which until recently were firm allies, and mutual relations would fall to an ever lower level.

Defense Minister Wants Arms Embargo Lifted

AU0606111194 Vienna DER STANDARD in German 4-5 Jun 94 p 3

[Interview with Slovene Defense Minister Jelko Kacin by Samo Kobenter; place and date not given: "Lifting of Embargo Is a Must"]

[Text] [Kobenter] Defense Minister, how is the international arms embargo against the states of the former Yugoslavia affecting Slovenia?

[Kacin] Our job is to reduce the possibility of military conflicts on the territory of Slovenia to a minimum. This is only possible if we can also deter an opponent that is superior in strength. We would have to invest in the early detection of the enemy and in reconnaissance, that is, to buy radar facilities and develop our air defense. We will not get this equipment unless the embargo is lifted. The embargo is a political problem because, as a UN member, we have a duty to defend ourselves, but this organization deprives us of the opportunity. We are suffering from the embargo against rump Yugoslavia, although we are participating in it. Moreover, we cannot choose our neighbors.

We do not only have borders with states like Austria, but also with such as are involved in military conflicts. The lifting of the arms embargo is a must for our road to Europe, all the more so since Slovenia cannot threaten anyone by its size, but will only ensure its security.

[Kobenter] What would be the strength of a Slovene Army that is fit for military service?

[Kacin] It is very limited, we draft about 12,000 recruits every year. This number cannot threaten anybody, although our army would be stronger in the case of mobilization. (In the war of 1991 the territorial defense forces had about 60,000 men—the editors)

[Kobenter] Could you imagine a neighbor like Croatia trying to solve its differences with Slovene by force of arms?

[Kacin] It depends on the parties involved. In 1991 we showed that we are very good at our defense tasks and we would do it again. However, something completely different is at stake for Slovenia: integration with Europe. Any conflict would be a step backward. In the next eight years we want to invest 1 billion German marks in securing our airspace.

[Kobenter] Also in aircraft?

[Kacin] Yes. Twelve aircraft should be enough for us. But radar facilities and defensive systems should also be procured.

[Kobenter] ...which could also be bought on the black market.

[Kacin] No, by no means. First of all, we are only interested in the legal way of procurement because we consider ourselves a member of the international community of states. Second, you cannot buy aircraft on the black market. And, in view of the small amounts and our defense needs, the objections that our arms might turn up on the theater of war are an illusion.

[Kobenter] As a conclusion, you would also have to oppose the lifting of the embargo against Bosnia and Croatia.

[Kacin] As defense minister, I can only speak for Slovenia. I would welcome it if one of the states that developed from Yugoslavia's disintegration and whose name I do not want to mention were to sign the "Partnership for Peace" agreement. This would be a security guarantee.

[Kobenter] Are you also planning accession to the military alliance of the European Union [EU] in the long run?

[Kacin] It depends on the future restructuring of NATO and the Western European Union. If you look at Slovenia from Europe, you get a completely different view from the one you get if you look at it from the United States through the prism of Moscow. We have not set out on the road to Europe to persist in self-restraint like Albania. We want to develop more quickly and live better.

[Kobenter] What could future cooperation with Austria be like, also in view of Austria's efforts for entry into the EU?

[Kacin] We signed a cooperation treaty a year ago. Our soldiers participate in joint military competitions and we benefit from the exchange of experience. Later, we will also be able to talk about joint maneuvers.

Federal

National Bank To Stop Financing Budget Deficit

LD0606095394 Belgrade TANJUG in English 0910 GMT 6 Jun 94

[Article by Milica Knezevic]

[Text] Belgrade, June 6 (TANJUG)—Yugoslavia's economic recovery programme will be put to the acid test after July 24, when the National Bank of Yugoslavia (central bank) stops financing the state budget deficit. "The politicians have been told clearly that the state's fiscal deficit will no longer be made up from the central bank coffers. Let them take out loans on the capital market," says Dragoslav Avramovic, central bank governor and architect of the national economic stabilisation programme.

Measures which the federal government began implementing on January 24 have helped avert an economic and monetary collapse in conditions of a tight international blockade of Yugoslavia (Serbia/Montenegro). Avramovic explains that the programme began with consolidating the national currency and should end with balancing the budgetary revenues and outlays. Serbia's deficit is down to 45 percent of the plan, and the federal deficit, to 75 percent.

Late last week, the Serbian Government said it had taken measures to ensure the financing of the total public expenditures from real sources, without incurring a budget deficit. Similar measures are being planned by the Montenegrin Government, according to competent authorities. The ball is now in the court of the Federal Government, which should balance its books by July 24, after which date all budgetary outlays will have to be covered from real earnings. In case of need, the state will be able to take out credits but only on the market, through issuing debentures, central bank experts explain.

Avramovic said on Saturday he would resign as governor of the central bank the moment he had to print money without gold and hard currency backing.

The new dinar, which has full gold and hard currency backing, was circulated on January 24 to replace the old dinar which had been devalued out of existence by an annual inflation of 116 billion percent in 1993. Analysts say that, if he manages to implement his plan and put an end to the practice of 50 years of financing the budget deficit by printing money, Avramovic will create conditions for a lasting elimination of the chief generator of inflation.

Investbanka To Exchange Kunas for Dinars

AU0306174594 Split SLOBODNA DALMACIJA in Serbo-Croatian 3 Jun 94 p 5

[HINA report: "Kuna Also in Serbia"]

[Text] Zagreb (HINA)—As Radio Belgrade reported in its program dedicated to economic issues, Governor of "the National Bank of Yugoslavia" Dragoslav Avramovic has announced "a better economic and more open financial cooperation of the majority of Balkan states." Taking part in TANJUG's guest public tribune in Belgrade, Avramovic spoke of his recent visit in the United States and participation the conference on banking and business cooperation in Athens and said: "We have agreed on ways to trade with securities and interest was displayed in this sense for Croatia also to take part in the cooperation program that has already been agreed. Although there is resistance in Belgrade for allegedly ideological reasons, it is a long-term interest of our country to facilitate payment, purchase, and access to all West European currencies and thus also to the Croatian currency, regardless of what it is called. Any banker will tell you that money knows no borders, and any governor, if he is any good, can prove this....

"There are many practical reasons for which Investbanka will facilitate the exchange of kunas for dinars. If people receive pensions in kunas then we must make it easier for these people, with a realistic exchange rate based on the relation to the German mark, to purchase goods in Serbia...." said the other participant at TANJUG's tribune Stojan Dabic, director general of Investbanka and the chairman of the federal securities' commission.

Opposition Leader Questions Federal Setup

AU0406143794 Belgrade BORBA in Serbo-Croatian 31 May 94 p 12

[Article by D. Bisenic: "Let Milosevic Assume Responsibility for Yugoslavia"]

[Text] A discussion on how the federal state is functioning should be held immediately, at an extraordinary session of the Federal Assembly. This has been suggested by Zoran Djindjic, president of the Democratic Party, explaining for BORBA the initiative according to which the top posts in that state ought to be held by the "most important people," while the state ought to become a federation in the real sense of the word.

"At this session, the government, which is only a 'feather among whirlwinds,' should be voted out. It is necessary, without shrinking from it, to raise the question of the post of FRY [Federal Republic of Yugoslavia] President [Zoran] Lilic and establish what his role is, since he is only a political mask," Djindjic said.

According to Djindjic, this discussion should be held in the Federal Assembly among the parliamentary parties. They should establish whether there is a consensus on this and what the contentions issue are. "We already have two years of experience. This debate should be followed by federal elections at which the citizens would vote for a concept that the parties that win the majority of votes must put into practice. The citizens are now being deceived because they voted for a federal state,

but, in essence, only got an illusory federal state," the leader of the Democratic Party said.

It is high time, Djindjic said, that the Socialist Party of Serbia explain its views on Yugoslavia, because the comedy of the federal state may be funny, but the consequences are tragic. Judged according to their importance, [President] Lilic, [Prime Minister Radoje] Kontic, Bozovic [chairman of the Chamber of Citizens], and Radulovic [chairman of the Chamber of Republics], as the four top officials of the state, cannot even be considered second-rate politicians. We demand that the ruling parties and these people say whether they really want a federal state, or whether they need it only as a front for the republican states. If they want the former, then they should find different persons for these posts. If they want the latter, then this is too expensive for the people. The crisis in the federal parliament is the right opportunity to find an answer to these issues. We as a party hold the view that the top posts in the top organs in a modern federal state should be held by the most influential politicians of Serbia and Montenegro. I do not see any reason why [Serbian President Slobodan] Milosevic should not assume responsibility for Yugoslavia, why [Montenegrin President Momir] Bulatovic should not be prime minister, why Djukanovic [Montenegrin prime minister and defense minister] should not be finance minister, why Marovic should not be chairman of the Chamber of Republics, and so forth.

Neither Bozovic, nor Sainovic, nor the other spent officials that were put on this sidetrack called the federal state have any influence on internal or foreign policy. Those who are indeed in charge of the policies should be in the posts from which they can do it legally, Djindjic said. Djindjic also said that one should discard the confederal elements and create a clear decisionmaking pyramid. These top posts should be filled with respectable politicians.

The Democratic Party proposed this initiative to other parties at the recent interparties meetings.

If the ruling parties reply negatively to this initiative, Djindjic said that this would be a kind of answer that is only prolonging this deception, torturing people, and discrediting the very idea of the state.

Serbia

Expelled Depos Deputies Form New Party

LD0306163194 Belgrade TANJUG Domestic Service in Serbo-Croatian 1446 GMT 3 Jun 94

[Excerpt] Belgrade, 3 Jun (TANJUG)—Slobodan Rakitic, head of the Depos [Democratic Movement of Serbia] deputies group in the Citizens Chamber of the Federal Assembly, told journalists today that a group of 11 Depos deputies are forming a political party that will retain the name of this movement but will operate independently.

The Democratic Movement of Serbia expelled from its ranks 11 Depos deputies in the Federal Assembly's Chamber of Citizens after the last elections. However, on the basis of legal regulations, up to now they have retained their mandates as deputies.

The nucleus of the new party, its "interim president" Rakitic said, is at this moment made up of 11 Depos deputies in the Citizens Chamber, coalition deputies from the previous Serbian Assembly, distinguished members of the Main Committee of the Serbian Renewal Movement that are no longer in this party, as well as numerous nonparty people. [passage omitted]

Party's Policies Clarified

AU0306164994 Belgrade Radio Beograd Network in Serbo-Croatian 1300 GMT 3 Jun 94

[Report by Mirjana Protic]

[Text] The deputies of the former Depos [Democratic Movement of Serbia] coalition in the Chamber of Citizens of the Federal Assembly, led by Slobodan Rakitic, and former deputies in the republican assembly and prominent deputies who are no longer in the Serbian Renewal Movement, constitute the core of the new Depos party. They have chosen this name because they are obliged to do so according to electoral law. Speaking about the policies of the new party at a news conference in the federal assembly today, Slobodan Rakitic, stated that they are a democratic party whose program is based on Christian civilization. Stressing that the opposition has up to now been mainly saying what it does not want, rather than what it does, Rakitic said that the party supports everything that is good for the Serbian people.

[Begin Rakitic recording] Morality, traditional values, understanding, and tolerance that the Serbian people possess in their collective being should be the main program tenets of the reformed Depos. [end recording]

Presidency member Strahinja Kastratovic said that the time of boisterous parties, yelling, and outbursts of hatred is over, and that the new Depos favors a peaceful approach and cooperation with all political parties. Kastratovic stressed in particular that one should do everything possible to help the stabilization program and that the party supports Avramovic's program. The survival of the program is the precondition for the stability of the parliament. According to Kastratovic, this means that one should not insist on new elections but support the efforts of the federal and republican governments.

Regarding Depos' stand on peace in Bosnia, Kastratovic said that the interests of the Serbian people must be protected, as must international relations, taking into account the interests of the republic of Srpska and the republic of Serbian Krajina while not endangering the interests of the Federal Republic of Yugoslavia.

Sainovic Discusses Economic Program

LD0306205694 Belgrade TANJUG in English 1859 GMT 3 Jun 94

[Text] Pristina, June 3 (TANJUG)—Vice-premier of the Federal Republic of Yugoslavia (F.R.Y.) Nikola Sainovic said on Friday that the F.R.Y. basic policy of peace, security and economic revival was being administered despite hardships, sanctions and war encirclement. In a talk with managers of the biggest enterprises in Pristina, centre of the southern Serbian province of Kosovo and Metohija, Sainovic emphasized that the Yugoslav economic program differed from those in other countries which have similar economic problems because it enables strong resistance to sanctions and economic pressures and essentially defends the country's economic independence.

Basically, said Sainovic, this model program means reliance upon one's own potential, and this holds good for the country as a whole and for the level of enterprises. The exit from the crisis, said he, is the same for the big business systems as well as small-sized enterprises. The two-year-old U.N.-imposed sanctions on Yugoslavia cannot be an excuse for any one within the economy any longer, because adequate solutions to such problems should have been found in the meantime, said Sainovic.

The program of reinvigoration of the Yugoslav economy, enforced early January, relies upon a restrictive monetary policy, a reform of the taxation system, amd the elimination of huge budgetary deficits. Sainovic said it was necessary to change an old habit of giving "special discounts" to the less developed regions and to certain public enterprises.

There are no such discounts any longer, but what has to be done is to work together and to jointly seek solutions to the problems, through assistance extended by other enterprises, said Sainovic in stressing that his present talks in Pristina entirely differed from the way talks were held in the past when this province had only been demanding aid from the federal budget.

Kosovo and Metohija, a region with abundant natural resources, in the former Yugoslavia had been heavily subsidised (as the least developed region with the highest unemployment rate) from the special fund for the country's less developed regions.

SPS: Albanians Must Recognize FRY 'Integrity'

LD0406120394 Belgrade TANJUG in English 1148 GMT 4 Jun 94

[Text] Belgrade, June 4 (TANJUG)—The vice-president of the ruling Socialist Party of Serbia (SPS), Goran Percevic, said on Saturday that SPS is willing to open a dialogue with the representatives of ethnic Albanian parties from Serbia's Kosovo province on condition that they recognize the integrity of Serbia and the Federal Republic of Yugoslavia.

Even our most bitter enemies in the world and the fiercest opponents of the Serbian national interests do not question Yugoslavia's integrity and the Albanian alternative should be aware that this issue is not negotiable, Percevic told the radio of Jagodina, town in central Serbia.

A strong separatist ethnic Albanian movement has for decades been active in Kosovo. The separatists have illegally proclaimed the 'Kosovo Republic' and advocate its secession from Serbia and Yugoslavia and annexation with neighbouring Albania.

Underscoring that the offer for a dialogue has remained open for some time, but that the ethnic Albanian parties are rejecting it, Percevic said that in the end they will have to accept it because they are also becoming aware that 'their aim—an independent Republic of Kosovo—cannot be realized.'

British minister of state at the Foreign Office, Douglas Hogg, who was recently in Kosovo, also told the ethnic Albanians, national minority in Serbia and Yugoslavia, that they cannot count on their own state.

We had political contacts with some political parties from Albania but not with ethnic Albanian parties in Serbia which rally most members of this minority, simply because they refuse a dialogue with the legal Serbian and Yugoslav authorities, Percevic said.

Commenting persecution claims by ethnic Albanians, Percevic said that the 'representatives of the Albanian minority are intentionally boycotting the rights they have been granted by this country's consititution with the aim of convincing the world to the contrary.'

SPS Official Denies Meeting Albanian Leaders

LD0506141994 Belgrade TANJUG in English 1126 GMT 5 Jun 94

[Text] Belgrade, June 5 (TANJUG)—The vice-president of the ruling Socialist Party of Serbia (SPS), academician Mihajlo Markovic, said on Saturday evening [5 June] he had not taken part in any kind of talks with the representatives of the Albanian minority living in Serbia's southern Kosovo province and that noone had given him such a task.

Last week the British press announced that Markovic had met in an embassy in Belgrade with the Kosovo ethnic Albanian representatives.

"The Kosovo Albanians are still unwilling to take part in a dialogue. They continue nurturing hopes that the big powers, primarily the United States, will give them their own state, but nothing will come out of that. The prevailing stand is that minorities cannot secede and this also refers to the ethnic Albanians in Kosovo," Markovic told a meeting of young socialists in Jagodina, town in central Serbia.

He said that before long they (ethnic Albanians) will have to sit down at the negotiating table if they want something to change in their favour, because they have excluded themselves from the political and economic activities of Serbia and Yugoslavia.

A strong separatist ethnic Albanian movement has for decades been active in Kosovo. The separatists advocate the province's secession from Serbia and Yugoslavia and its annexation to neighbouring Albania.

Since they refuse to accept Serbia as their mother country, the separatist leaders over the past four years pressured the people to boycott the parliamentary and presidential elections in Serbia.

The talks will take place, but whether they will be held in the form of informal and not-binding talks between intellectuals, or at the official level, will shortly be announced, Markovic said.

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